

JPRS-LAM-88-025  
11 JULY 1988



**FOREIGN  
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# ***JPRS Report***

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## **Latin America**

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# Latin America

JPRS-LAM-88-025

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11 JULY 1988

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**Acuna on Soviet Inroads in Sociopolitical Sector**  
33480154a Buenos Aires LA PRENSA in Spanish  
7 Jun 88 p 9

[Commentary by Carlos Manuel Acuna]

[Text] If we had to give an anecdotal example of the degree to which the Soviet Union has managed to penetrate the country in recent years, we could remark briefly on a singular development that has been the subject of anxious commentary in the military about the situation and that was first rumored about and later described in greater detail as of late February. The word is that to a large extent the information that enabled the government to take action against Lt Col Aldo Rico during the events of last January was provided, as a very special courtesy, by the Russian Embassy in Argentina. This presumably dictated a sort of mediation by our Foreign Ministry, in which case Dante Caputo must have been beside himself with joy because it provided a concrete example of the excellent relations that have been developed with the communist bloc.

According to the details that we have been able to gather, the Soviets set up a sophisticated listening system around the officer and several of his friends, particularly when he installed himself in the "Los Fresnos" country club, shortly before the title page of his indictment was modified and the events that centered on the Monte Caseros regiment were touched off. This listening system (or to be more exact, this spying on Argentine military officers) enabled somewhat more than a dozen cassettes to be recorded, and they were handed over to the highest levels of government leadership.

In this regard, we do not know what stand our authorities took on an activity that we have politely described as singular. The fact is, however, that this commentary comes on top of other similar problems, such as the ones that we brought up a few days back when we reported on the existence of an organization that was founded shortly after "Operation Dignity" began during Holy Week last year. It is called the "Multisectoral Bureau of Permanent Mobilization" and is made up of leftwing extremist activists and leaders; we will have to keep an eye on it from now on. In addition, we have spoken of the birth of another similar group with wideranging international implications, called "Argentine Solidarity with Peoples" (SAP). It is part of the subversive structure on the continental level and handles ties with the foreign headquarters for political and financial decision-making.

#### **Sandinism's Campaign in Buenos Aires**

We can now add that as part of its many activities, and while our foreign minister signs secret agreements with impoverished, communized Angola, the "SAP" has launched a campaign to show the Argentine public the virtues of Nicaraguan Sandinism. The first move in this campaign was the distribution of an expensive, full-color

wall poster that tries to show young students, at whom it is primarily aimed, what the "new life" is like in the idealized paradise of the "new Nicaragua."

Several days ago, on 23 May to be exact, the restricted-circulation newsletter PRENSA CONFIDENCIAL furnished the first details of this campaign, which has so far prompted no reaction from any federal judge or from the zealous officials who are always on the lookout to "discover" the terrible revolutionary plans of an Argentine "Far Right" that is never discovered and whose members never emerge, while the detainees of the moment are released a few days after their arrest is publicized.

Furthermore, this campaign by Sandinist Marxism also distributes a video cassette among specially selected youths in secondary school and college. It is entitled "They Shall Not Pass," an allusion to the "Contra" rebellion on the soil of the long-suffering Central American country.

To this initial piece of news we can add that the organization of a "medical brigade" made up of Argentine college youths is in full swing. They will soon reportedly travel to Managua to provide "shows of solidarity among sister nations with a view towards creating a better and socialist world." All of this is being promoted by, among others, the man in charge of the press in the "SAP," Leonel Urbano, who lived for years in Nicaragua, where he took ideological and military (guerrilla) training courses, specializing in welcoming Argentine and Uruguayan citizens.

#### **Penetration in Radio Circles**

In this regard, and without digressing, we can also mention the activities of a fellow who in his day was in close contact with the "Tupamaros" of Uruguay. His name is Washington Uranga, and in the company of the social communications manager of Argentine Color Television (ATC), Mr Daniel Sario, he traveled recently to Havana to attend the Seventh Meeting of the Executive Council of the Latin American and Caribbean Radio Broadcasting Union (ULCRA), of which our country is a member.

A decision was made during the deliberations to promote and strengthen "the process of the region's audio-visual integration." To this end, the "Third Latin American Conference on Public Service Radio Broadcasting" will be held this year, probably in Argentina. It will be attended by leftwing political leaders, which is another fact underscoring the importance that the Left attaches to journalism in achieving its objectives.

As is obvious, the Left and the Far Left have focused their greatest efforts for the moment on gaining ground within the mass media. The evidence of this is not only the diversity of headlines in our medium but also and in particular the tone of radio and television programs.



Such programs not only while away the time attacking and defaming the Armed Forces and security forces, but also convey subliminal "messages" with a profound ideological content, such as, for example, the "sex education" messages, which in practice are a sort of unappealing pornography devoid of scientific substance.

But to get straight to the point (although the sex education issue will again arouse public attention and concern, and not only because of the activities of the AAPF and the pseudosexual congress that will be held this month at General San Martin Municipal Theater), we will say that the aforementioned Mr Uranga is the president of a "Latin American Catholic Association of Radio and Television," which is involved with what we could kindly call "progressive Catholicism," where the dominant note is the condemned "liberation theology." This theology is more in line with the activities of Mrs Uranga, who is a native of Colombia and belonged to the terrorist organization that is operating in that country under the name of the "National Liberation Army" and who is back to her old tricks with a machine gun in one hand and grenades or bombs in the other.

#### "Theology" Congress in Neuquen

In this regard we can add that extremist ideology is again making inroads or has again made inroads in the realm of religion. We are thus in a position to indicate that this trend characterized the recent deliberations of the "Third Latin American Theology Congress," which was held in Neuquen late last March and attended by 90 clergymen and 120 activist members of religious orders. The tone of the speeches varied, but they were on striking common ground in their judgment of Argentine political and social realities. In fact, the assertion was made that the conclusions of the National Pedagogical Congress open up "new educational prospects for Christians." The reason is not, however, what the conclusions actually say but the distortions by which an attempt is being made to conceal the defeat of the most advanced, administration-supporting Left, as was shown by the "mistakes" that are listed in the Education Ministry's publication that is distributed free of charge (30,000 copies per issue) to Argentine teachers. We will report, furthermore, that the "theological" congress concluded with a proposal to hold a "National Congress of Liberation Theologians" this August or September in the city of Buenos Aires, by which time, in the judgment of the extremist observers, "things will be ripe for headway along the road of liberation, under the spur of the economic and social crisis."

#### The Opinion of the ERP

The activists of the Movement Toward Socialism (MAS) may find there a forum willing to echo their most recent proposal to decriminalize marijuana use. But the most interesting background to the opportunity for a reemergence of subversion is the conclusions of the clandestine

or semi-clandestine plenary that the ERP [People's Revolutionary Army] symbolically held on the first anniversary of the events of Easter Week last year. These deliberations emphatically underscored that the situation in the country is "highly favorable for the shift of this full people's and anti-imperialist democracy" towards the subversive proposal.

The plenary had several inspirational slogans, as is the custom among advanced leftwing organizations. Among them we can single out those that recalled the figure of Dr Norberto Rey, the physician whom we have mentioned in previous columns and who died of natural causes several months ago. He was a representative of the Revolutionary Workers Party and an active leader of a group that has been and will be the topic of much discussion, the Comprehensive Assistance Service for Detainees (SASID). This service belongs to the "All for the Homeland Movement," which as we know is a front for the ERP and a liaison between the latter and the so-called "Revolutionary Armed Forces of Colombia" (FARC).

The exchange of views was intense, and for hours the 80 delegates and observers in attendance spoke at length about how "vast segments of the workers and the bourgeoisie are now admitting the uselessness of the traditional political parties, rejecting military authoritarianism and abandoning religious superstitions." They also recommended that militants or activists "must permanently differentiate between the main enemy and the secondary enemy" and, consequently, "not attack the current government gratuitously."

As we can see, all of the elements in this state of affairs are consistent with the facts and point towards once course of action. We can thus draft a treatise analyzing and properly placing each piece of the puzzle that Argentina's future is gradually becoming. To conclude today, we will add only that the Fourth Latin American Congress of Sexology and Sex Education will open here, with government support, in the middle of the month. It will bring together sexologists, ideologists, leaders from Cuba and Central American countries, charlatans of various stripes and more or less acknowledged chatterboxes who will offer more than interesting reasons for having a better understanding of what it means to apply Gramsci's theories for bringing about social dissolution first and then Marxist penetration.

Having said this, we should note merely that everything that is happening in this area, not excluding the techniques that have been developed in the field of education to destroy national culture, speak to us of Argentina's dangerous times, crisis and decay. This is not just a reason for being constantly on the alert; it also marks the beginning of the second stage of a debate that will have undreamed of implications.

**Daily Notes No Tangible Results From  
Moscow-U.S. Summit**

33480154b Buenos Aires LA PRENSA in Spanish  
7 Jun 88 p 8

[Editorial: "The Moscow Meeting"]

[Text] Very rarely do major international conferences yield results that fulfill the expectations that preceded them. The importance of the items on the agenda that is prepared beforehand is almost always an obstacle to making categorical decisions on such items, because it forces those who are responsible for negotiating the decisions to adopt stands of cautious prudence. The greater the significance of what is at stake, the greater is the reluctance to take sudden risks without leaving a loophole or escape hatch to limit or lessen the danger.

This is perhaps what should be said about the meeting between the American president and the secretary general of the Soviet Communist Party (their fourth), because its spectacular announcement decidedly did not match its relatively modest accomplishments. The assertion could be made that there were reasons to hope that the summit would achieve more than just an exchange of the instruments ratifying the partial nuclear disarmament treaty signed late last year (which was actually nothing more than a mere formality), than vague promises of a future understanding on aspects not provided for in the agreement and than the signing of other secondary pacts, which can only be regarded as a complement to, never as the reason for such an exceptional meeting. Moreover, the unusually long joint declaration of the two chief executives, which runs to no less than 24 pages, highlights, rather than conceals, the absence of specifics on the fundamental issue of tensions and the creation of a consciousness of peace between East and West.

In the judgment of observers, however, there were circumstances that were conducive to the possible attainment of meaningful objectives. One of these circumstances, no doubt the most salient one, was the situation inside Russia itself, which has been shaken by the political reforms that are being planned and by an economic liberalization to raise the people's living standard, which has till now been subordinated to the priority of heavy military spending. This cutback in defense suggested that the Soviet leader would likely be flexible in the diplomatic sphere and presumably inclined to make certain concessions at the bargaining table. The presumption was that internal pressures would in some way condition international action, contrary to what has been the case, as the latter has been pursued at the expense of the former. Certain thought-provoking developments, such as the start of troop withdrawals from Afghanistan, which hinted that the unjust military occupation of that land for almost a decade would end, corroborate the hypothesis.

Nonetheless, the image of a friendly rapprochement that some optimistic circles were expecting did not translate, at least not that strongly, into like accords during the Moscow talks. Rather, the lack of such accords was altogether obvious because no tangible gains were made towards complete nuclear disarmament and because the two sides maintained the same opposing stands on so-called "strategic arms," commonly known in general as "star wars." President Reagan took a far from conciliatory and perhaps inopportune approach during his stay in the Soviet capital by repeatedly stressing the restrictions that he noticed on the full exercise of human rights in the communist nation, and this approach certainly did not further the desirable rapprochement between the two superpowers. Rather, it seemed like a crude manifestation of a political creed on a stage that was perhaps was not set to welcome it, and it did not suit the role of discreet negotiator that the occasion dictated. Experience teaches that very rarely does the moralist go hand in hand with the diplomat.

But regardless of how meager the results of the meeting may be, it must be noted that the mere fact that it was held is a highly positive development, not only because of who the principals were but also because it continues the healthy habit of dialogue that they have acquired and that reflects a determination to underscore common ground and downplay differences. That such differences exist and even persist has been almost a constant in the history of nations. An attempt to overcome them for the sake of international harmony, even if it is not altogether achieved, will always be a sign of progress along the arduous path to peace in the world.

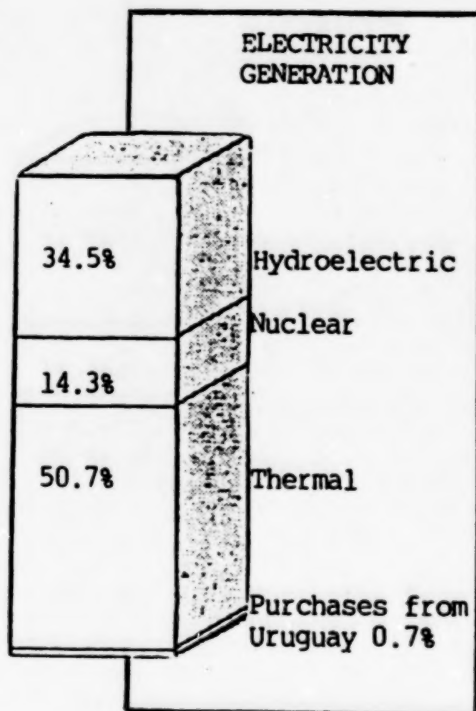
8743

**Energy Crisis Forces Review of 15-Year National  
Plan**

33480155 Buenos Aires CLARIN in Spanish  
29 May 88 pp 9-10

[Text] After asserting repeatedly that there was a glut of electricity, government officials this year had to implement a system of energy cuts. The limited flow of water to the hydroelectric power plants has exposed the serious maintenance problems that plague the nuclear power plants and the high rate of down time (estimated at 30 to 40 percent) in thermal power plants. Later this year, several thermal and nuclear plants will have to shut down for repairs and fine tuning. While the authorities feel that the recovery of reservoir levels at the hydroelectric plants and repairs to the thermal power plants will provide for consumption needs, business sources consider the current electricity equilibrium to be rather fragile.

The energy crisis will continue as long as there is no improvement in the situation of the thermal and nuclear power plants, or if no major precipitation takes place in the hydroelectric basins. For this reason, consumers



Source: Secretariat of Energy

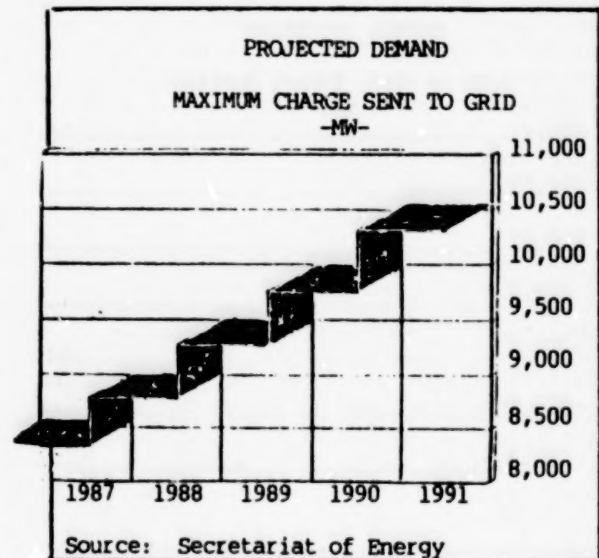
must make rational use of energy to make sure that the current supply is enough to cover indispensable needs, Energy Secretariat sources told CLARIN.

Several power plants are scheduled to shut down throughout the remainder of the year for essential maintenance and repairs. For 6 months, work must be done on Group 7 of the Costanera de Segba plant, which supplies 310 megawatts; the Embalse nuclear power plant must go out of service for 40 days between September and October for pending repairs; and during those same months, 7 weeks of maintenance work is scheduled for Group 5 of the San Nicolas plant (350 MW) of the Water and Energy Enterprise.

#### Shortage

The recent energy crisis that led to mandatory restrictions on electricity consumption was due to a combination of factors that brought about a sharp reduction in the supply of electricity.

The generating capacity of the main hydroelectric power plants was hampered by the drought that affected the Limay, Neuquen, and Uruguay Rivers. The situation was aggravated by the scheduled maintenance work on the El Chocón dam, which required that the reservoir be emptied to unusually low levels. Thus, the electricity system was left without its usual operating reserve. This reserve is kept on hand in case of excess demand or



unforeseen circumstances, explain official sources. Technical difficulties (a leak of heavy water) also made it necessary to shut down the Atucha and Embalse nuclear plants. Work on the Atucha plant was delayed until May.

The hydroelectric plants therefore generated 22 percent less electricity than planned in April, while the nuclear plants were 48 percent below their scheduled production. Part of these reductions were offset by the generation of more thermal power and by purchases of energy from Uruguay, but the resulting shortage did cause some power outages.

#### Out of Service

The gap could not be filled by the thermal power plants, because they are suffering a high rate of down time. The Secretariat of Energy estimates that they spend 30 to 40 percent of the time out of service. This is because much of the equipment in this sector is obsolete, and even the new equipment causes problems because some of it was purchased as part of trade agreements with other countries and does not always meet the necessary technical criteria, official sources say.

Priority was given to improvements in the transmission and distribution grid, while maintenance of thermal equipment was shunted aside. Work proceeded on the theory that there was an excess of electrical equipment, with a wide supply margin to deal with contingencies. Almost all the adverse factors worked in concert, however (low water levels, break-downs in nuclear power plants), to spotlight the problem of down time in thermal power plants.

#### New Plants on Line by 1990

No new power plant is scheduled to come on line in 1988 or 1989, and officials expect to meet the demand for electricity with the existing facilities, making maximum



use of thermal equipment and bringing the level of the reservoir at the El Chocon Dam up to previous levels. The effort will concentrate on the equipment maintenance program, because there is sufficient capacity to meet the demand for energy, according to the projections of the Secretariat of Energy.

#### Schedule

In 1990 the Guemes turbo-steam plant will begin operating, with a capacity of 125 MW. Uruguay-I will also come on line, providing 120 MW, and part of the Bahia Blanca thermal power plant will also be in use, accounting for 310 MW. By 1991, the Bahia Blanca plant should be completed (an additional 310 MW), and the Piedra del Aguila hydroelectric plant, good for 1400 MW, should be in service by then as well. Atucha II is not yet assured of financing, so the conclusion of this project (it is 42 percent complete) is conditional. In any case, it could not be finished before 1994.

Between 1990 and 1991, thermal equipment accounting for 200 MW should be added to the network of facilities, at an estimated investment of \$80 million, to ensure a steady supply. As for Yacyreta, talks are under way with the World Bank for additional financing so that the project can be completed, but that could not happen before 1993/94.

#### Difficulties

This schedule is an update of the one drawn up for the National Energy Plan (1986-2000), which was based on the premise that the plants then under construction would be completed, even though these huge projects were encountering severe financing problems.

Then it was decided not to begin new projects, to concentrate resources on the completion of the plants under construction, and to cover the greater demand for power with existing facilities and the incorporation of new plants as they came on line. This plan, however, runs into some difficulties.

The high rate of down time in the thermal power plants means that they cannot be considered reliable. An intensive maintenance program must be implemented, involving the more or less prolonged incapacitation of the equipment and the renovation of obsolete components.

Moreover, the work schedule of the new plants must be very strict, because any delay threatens to create a gap, given the delicate balance between supply and demand.

#### Gaps

Officials estimate consumption growth at a cumulative rate of about 6 percent a year, equivalent to some 500 MW per year.

#### Growth of Installed Electricity Capacity

Years	Plants
1988	No new plants to come on line
1989	No new plants to come on line
1990	T-S Bahia Blanca, T-S Guemes, H Uruguay-I = 5551
1991	T-S Bahia Blanca, H Piedra del Aguila = 17101

T-S = Turbo-steam, H = Hydroelectric

Source: Secretariat of Energy

#### Power Supply April 1988, in GWh

	Projected	Real
Hydroelectric	1,129.7	887.3
Thermal	2,084.4	2,202.2
Nuclear	388.2	202.0
Purchases from Uruguay	85.6	100.7
Shortfall	0	172.0

Source: Secretariat of Energy

Business sources, on the other hand, calculate that no less than 850 to 900 MW must be added to the electricity grid each year just to keep up with demographic growth and the loss of about 500 MW as obsolete equipment is retired. This is a minimum hypothesis, because it does not take into account the greater demand for electricity stemming from economic growth. These sources question whether there is an excess supply of equipment, because any estimate involving obsolete equipment is merely hypothetical. Until Piedra del Aguila, Yacireta and Atucha II are completed, electricity capacity will remain unstable. If there are any more setbacks on these projects, the situation will grow worse.

08926

**Daily Skeptical of Soviet 'Democratization' Talk**  
33480147c Buenos Aires LA PRENSA in Spanish  
11 May 88 p 8

[Editorial: "Two Soviet Faces"]

[Text] The Soviet Union these days is in every respect displaying the features of Janus, the mythical character whom Saturn endowed with two faces as a reward for having fetched him after he was expelled from the heavens. He then possessed extraordinary slyness, an ability to be, unlike others, two things at once when, in fact, he was only one. With two faces, four eyes and four ears he could be the past and the future, everything and the opposite of everything. Over the centuries the god Janus became synonymous with ambiguity, ambivalence and, most broadly, dissembling, with a liar who is unencumbered by reflection.

An effort is being made these days to mold the second face of the Soviet Janus in accordance with a plan that has been aggressively carried out since Mr Gorbachev took over as secretary general of the Moscow Politburo, that is to say, as commander of the vast empire ruled by the Kremlin. The first of the two faces was the one that we have come to know since the revolution of 1917, 70 years ago now. An attempt is now being made to replace it with another, by dint of makeup.

One of the boldest steps in this operation was taken just last week when the official newspaper PRAVDA (truth) published a letter from an "important" official in the Ministry of the Aviation Industry; if what he says is true, it would be a revolutionary proclamation of a sort. He proposes a "genuine debate" in the congresses of the Communist Party of the Soviet Union, declares that Stalin was to blame for the great purges of the 1930's (Khrushchev said so back in 1956), that the dogma of obedience to authority has undermined the foundations of the party, that the view that "the secretary general is always right" has spread within the party, that the country's economic decline is the result "of just waiting and carrying out orders from above and that the lack of turnover in leaders, the orders imparted to voters, the formation of bureaucratic clans in connivance with

officials in the trade area, security forces and even criminals" have caused "honest people to feel derided and to lose faith in justice." All of this has been the case for 70 years, according to the denunciation voiced in the letter and seconded by PRAVDA in publishing it, and no one during this period is spared condemnation, not Lenin, not Stalin, not Khrushchev and not Brezhnev. The "important official" concludes his letter by saying that "the shortcomings and errors of our party and of our Central Committee, of each member of the party" are the most important ones. "As of its very birth the Communist Party and the regime," the author of the letter says, "began to be infiltrated by elements alien to it, with opportunistic designs."

What is going to happen henceforth? No one knows. PRAVDA has said nothing, the presumption being that the issue will be thrown into the same bag as others that are now being readied for presentation at the conference that the party will hold this June and the only item on whose agenda will be the "democratization" of the system.

Let us prepare then for further makeup sessions, which have, moreover, been anticipated in the profuse literature generated by "glasnost" and "perestroika." Nonetheless, the experience of seven decades counsels us to proceed cautiously in an area in which the communists have shown themselves to be consummate masters. We are now hearing the sort of criticism from them that the West has been voicing from the outset and that is gathered in the book "The God That Failed," which sets forth the reasons why Arthur Koestler, Ignacio Silone, Richard Wright, Andre Gide, Louis Fischer and Stephan Spender abandoned communism and exhausts the issue of the essential, unwavering nature of communism.

The West must not swallow the bait that is now being offered so unscrupulously.

Around the same time that PRAVDA published the letter from the "important" Soviet official (in which he does not question the single party), a 175-page Pentagon report contended that "the policy of openness of Soviet leader Mikhail Gorbachev" is nothing more than "a public relations campaign." Because in the meantime "the Soviets have not altered their ambition to become the dominant world power."

8743

**Paper Scores UN Vote on Cuba's Admission to Human Rights Commission**  
33480147d Buenos Aires LA PRENSA in Spanish  
1 Jun 88 p 8

[Editorial: "Cuba Rewarded at UN"]

[Text] Late last week the Economic and Social Council of the UN elected Cuba, Panama and Colombia as members of the international organization's Human Rights



Commission for a period of 3 years. Cuba received 38 votes (out of a possible 54 from commission members), Panama 31, Costa Rica 28 and Guatemala 11. Odd decisions such as the one in question are nothing new at the United Nations, especially since the Soviet Union and the countries in its orbit have been in the majority among the 160 total member-states.

Cuba thus joins the commission in charge of verifying and investigating violations or simple abridgements of human rights around the world just 2 months after the meeting at which the decision was made to send a delegation (an "official" one, as the commission's chairman clarified, not just a "social" one, as Fidel Castro's partisans initially said) to the island to study "in situ" all aspects of the status of the regime's prisoners.

Common sense and the most elementary ethics should have dictated that the commission await the outcome of the delegation's visit and only then, on the basis of its report, make a decision. Whether because of simple haste, caprice or obvious connivance with the Cuban regime, the decision that was made smacks altogether of the sort of impudence and haughtiness based solely on the number of votes that constitute a circumstantial majority.

The least astute observer can see that the Cuba affair is but a pretext for curbing the United States, which has been unable to secure a UN vote condemning Cuban violations of human rights even though it has been proven time and again that such violations are longstanding in Cuba and coincide with Fidel Castro's coming to power. The Argentine Foreign Ministry, which has been contending that proof of the charges against Cuba does not exist, will probably feel pleased with the decision on which we are commenting.

As for Panama, the vote reveals the serious deterioration of the diplomatic conduct of many countries. The deposition of President Delvalle on orders from General Noriega and his replacement as chief executive by a minister who obeys the general's orders reveal that violations of the constitution are no longer disguised there. In the wake of such violations, the political order, social relations and fundamental rights are put on ice, so to speak, at the whim of someone who without any legal title whatsoever makes decisions for everyone.

When President Delvalle was ousted, the "commission of the eight" in support of Contadora decided, with Argentina's vote, to remove Panama from the group "because it is not a democratic country." The Foreign Ministry must report without delay how Argentina voted on the appointment of Cuba and Panama.

### **Communist Party Central Committee Approves Resolutions**

33480147a Buenos Aires QUE PASA in Spanish  
12 May 88 pp 12-13

[Text]

### **Electoral Proposal**

We propose to promote a political alternative that represents the underprivileged, those of us who are struggling, those of us who are angry, those who did not feel represented by the scattering of the Left, those of us who hope to see the homeland's finest fighters together, those of us who want justice, not impunity, those of us who want an advanced democracy without military tutelage, those of us who want sovereignty, not submission, those of us who want social justice, not disadvantaged, poverty-stricken conditions, those of us who want honesty, not corruption, those of us who want words and deeds to be consistent, those of us who want liberation, not dependency.

This need is taking shape as the possibility of a programmatic and electoral accord that is broadly representative and unifying. Such an accord can be a meeting place for those of us activists who come from different roots and experiences, both the enormous band of Argentine fighters who do not belong to any organization and that are part of the anti-imperialist Left, and the organized currents of the FRAL (to which we belong), the MTP, the PH, the MAS [Social Affirmation Movement], Intransigents, combative Peronists, Radicals who have not lowered their banners, Socialists, Christians.

A credible program-electoral accord of this magnitude, with a broad foundation of social consensus, would give new drive and horizons to the struggles by strengthening the presence and influence of the Left on the political scene and by seeking to shatter the ability to hold back options within the dependent capitalist system.

We feel that this ambitious aspiration of regrouping the Argentine Left in the electoral sphere will be very encouraging for gains in unity among anti-imperialist, grassroots, leftist and revolutionary sectors towards a front project that will clearly oppose the project of dependency and that will embody the hopes and struggles of our people. This is a political alternative for asserting that change is possible, that we need not resign ourselves to the lesser evil or allow the Right, in its institutional or coup d'etat variations, to capitalize on social unrest.

This proposal will help to lend greater prospects for victory to daily struggles and achieve spaces for leadership, which will arise from below with grassroots, democratic involvement at all levels and alter the correlation of forces.

We believe that the substance of such an electoral accord must clearly be a liberating program and that it must mature on the basis of grassroots struggles, by bringing in as its principals the combative leaders of the worker and student movement, the leaders of slum districts and settlements, the uncompromising battlers for human rights and the advanced, revolutionary intelligentsia.

To work out an electoral accord of this magnitude requires a democratic and broadly participatory methodology that will seek a consensus and respect the times and manners of each of us. A methodology that will aim at overcoming prejudice and mistrust among all of us who feel called, in the conviction that we must all be leading actors in this effort without hegemonic designs and with the political greatness that is required to overcome the scattering of the Left in our homeland.

We believe that FRAL, as a front-oriented political accord, must be prominently involved both in putting together this electoral accord and in spurring on the construction of the front, beyond the electoral contest, the outcome of which we are not, however, indifferent to. Its role in making headway towards the construction of the FLNS is further bolstered in the face of this new challenge.

This proposal that is developing in society and within the Left must be open to debate, enrichment and input from all leftist activists in the search for a common synthesis.

We are all responsible for meeting this ambitious challenge. To this end we Communists are prepared to spur on with all our energy the decision that has been made regarding electoral tactics. We realize that it is within the framework of the worker and people's struggles, where a front policy will be pursued, that we can bring about a democratic, people's, anti-imperialist alternative of a united Left for the 1989 elections, an alternative that will help hasten the rebuilding of the grassroots camp towards the establishment of the FLNS as a tool for achieving a people's government.

#### **Changes in the Secretariat**

The Central Committee approved by acclamation the Political Commission's proposal to name Patricio Echeagaray assistant secretary general of the PC and to bring Rodolfo Casals, the head of labor union work, into the General Secretariat. This party body will now have six members.

In submitting the proposal, Athos Fava underscored that Patricio is being appointed to bring his real role in the party and within the Left at large in line with his leadership responsibilities. This decision, he said, has been long anticipated and widely consulted on throughout the party and is respectful of our bylaws.

After reflecting on Patricio's role and Rodolfo's contributions, he asserted that the two promotions would enhance the effectiveness of the party's political leadership.

In a final speech, Pereyra underscored the consolidation and uniformity of the Political Commission, the forthright, ethical climate that characterizes its debates and the constructive search for shared views when argument is necessary, and he described these changes as a most categorical response to the intensified campaign against the Communist Party that seeks to drive wedges between us, to create divisions and to set the party's leaders at odds.

Amid the visibly emotional and joyful atmosphere that developed in this final stage of the Central Committee meeting, each of its members appeared clearly convinced that they were party to another important moment in the PC's turnaround. The determination to intensify and bring it to a conclusion was evident.

#### **Very Hard Without Money**

The worker and grassroots struggles for higher wages, better living conditions, health care, housing, in defense of the national patrimony, for people's education, for freedom, human rights and solidarity, are expanding by the day in our country.

With each passing day these struggles are standing up to the government's policy, which is the policy of the monopolist bourgeoisie and the IMF. Our Plan of Political Action will contribute to the common struggle for the building of the National and Social Liberation Front, alongside other combative, anti-imperialist workers and grassroots leftwing forces.

This Plan of Political Action will gain strength as it unfolds in the regular political work of our cells and clubs.

Let us organize and conduct the 42nd People's Collection, which will help us to back our Political Action Plan!

Our cells and clubs need money and materials to engage in politics, to spur the struggles and unity in action, to perform their patriotic work in factories and low-income neighborhoods in a bid to develop the liberation front, to move towards unity among leftists and revolutionaries, towards the establishment of the unified vanguard and, from that perspective, struggle for a democratic, grassroots and anti-imperialist electoral accord that will clearly stand up to the project of dependence and make headway towards the construction of a leftist alternative.

We are calling on our regional leaders, our mid-level leaders, our cells and our fund-raising agencies, to devote their political and organizational abilities to the success of the People's Collection.

We are calling on all of our comrades to work actively and to make their contribution!

We are asking our friends and fighters for their combative, anti-imperialist solidarity and support!

Liberation or dependency!

### Our Plan of Action

In accordance with the guidelines of the Political Plan approved by the Central Committee last December, we resolve forthwith:

1) To strongly spur social combativeness, thus achieving a higher degree of unity among those who are struggling, as well as greater agreement and coordination to resist the attack on the people's living conditions; such resistance will enable us to draw the real dividing line among the people.

2) The unity and coordination of those who are struggling can make headway along an ascending road towards a National Day of Protest, which we conceive of not as a single act but as a multiplication of increasingly coordinated struggles aimed at confronting the Austral Plan. Striking at official and IMF policy could be an effective rallying point today in the campaign to oust Sourrouille and the economic team. In this regard, the month of May must become a time of superior resistance, and to this end we are undertaking an intensified national plan for political and propaganda action. Part of the plan is to broaden the political and social accord for a march on the Economy Ministry on 27 May that will say "enough" to the attack on the people and that will demand the resignation of Sourrouille and his team. This accord for a march in the capital and Greater Buenos Aires must turn 27 May into a day of struggle all over the country, with the methods that are possible in each province. When the teacher strike resumes and if the march is conducted from four points around the country, this entire campaign must focus on its success.

3) The struggle of the teachers union is becoming a major triumph for the entire people, and it demands that the entire party contribute actively to the continuity of the struggle from all grassroots organizations. As we resume hardball tactics, which is what we are aiming for, we must all have a place in the struggle to insure its success. The party's main leaders will accompany the caravans from Misiones, Neuquen, Santiago del Estero and Mendoza that will converge on Buenos Aires on 25 May, passing through the country's main cities, which could witness large grassroots demonstrations against Sourrouille and the IMF.

4) The construction of a united leftist electoral alternative for the battle of 1989, an alternative that has emerged from the struggles and as part of the effort to erect a political alternative to them, will be an essential part of the immediate political plan, which is a single, all-embracing plan.

5) Our actions must focus particularly on:

a) The struggle of the government unions, which have been particularly hard hit by the official policy and which present high levels of conflict, as has been shown throughout the country and with peaks in certain provinces.

b) The elections in various social circles, the unions in particular, and within them the ones to be held in the UOM [Metalworkers Union].

c) Actions in defense of the people's rights in underprivileged neighborhoods, slums and settlements, which are centers of social unrest and require that we boost our capacity, as they could converge into higher campaigns of struggle.

d) The ceremonies commemorating the 70th Anniversary of the University Reform, thus helping to refresh people's memories and to further the Left's initiative among the intelligentsia.

In addition, our party must bolster international solidarity, by celebrating in particular the 9th anniversary of the Nicaraguan Revolution on 10 July and Cuba's 26 July and by embracing the struggle of the Panamanian people, of Salvadoran patriots and of the Chilean and Paraguayan people. The activities commemorating the 60th anniversary of "Che's" birth will be conducted in this framework.

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**Columnist Views Nonalignment Debate**  
33480147b Buenos Aires *AMBITO FINANCIERO* in  
*Spanish* 31 May 88 pp 16, 43

[Commentary by Ricardo Laferriere: "Nonalignment: Where To Go or Why Stay"]

[Text] "We must rebuild our relations with the United States, Western Europe and Japan, in the conviction that these political, economic and cultural communities are the sphere to which we naturally belong."

This assertion is based on the opinion that our nation must depart from nonalignment as a constant in its foreign policy, and it prompts me to make a few brief remarks the purpose of which, as Alfredo Vitolo says in his 27 May commentary in *AMBITO FINANCIERO*, is to see to it that economics is not the only issue that the Argentine public discusses.



Our country recovered its democracy at a troubled time when we were clearly isolated and segregated internationally. The "West" closed its doors on us in the wake of the Malvinas war. Latin America viewed us with distrust. Our neighbors in the Southern Cone, with suspicions. The absence of a clear international profile; the complete lack of our own political and national identity; the continual comings and goings of our foreign policy, by turns emphasizing and de-emphasizing the Malvinas, by turns Western, Third World, Latin American and Europeanized, all of these factors had turned us into a country that was distrusted by the international community.

The strategic proposal of Argentine democracy was to recover the republic's political identity. To define clearly who we are and what we want. To become aware of our limits but also of our potential. To expand our scope of action by looking for countries whose interests coincide with ours on each issue of interest. To turn a segregated country into a country integrated into today's world, a reliable, consistent country with a clear profile and an active role to play.

### Conflict

We began with our own region. This is why we stressed putting an end to the age-old conflict with Chile, spurred relations with Brazil and Uruguay and lent Bolivia a helping hand that at times was to our minor, short-term economic disadvantage.

We set up Cartagena to politicize the debt discussion, because an exclusively financial strategy was obviously impossible. Today we see objective conditions that are more in keeping with our appeals than in 1984, partly because the understanding of creditors has improved but also partly (we must admit it) because of the mature attitude of Argentina and other countries in making their appeals.

As part of the group of 24 in the IMF we took the consistent approach of pushing, along with other debtor nations, for changes in the IMF's traditional conditions and demands for reschedulings. Not everything has changed, but much has been accomplished. The rescheduling conditions that are common today in accord with debtor countries were unthinkable 5 years ago. We also formed and spurred the Cairns group, along with other raw-materials-exporting countries, including some developed countries, to defend the price of our exportable commodities.

In Latin America we formed the group of eight democratic countries. This means that we have a special affinity with those countries that, like ours, seek a constitutional system to consolidate the rule of law and seek social changes with respect for human rights. And we formed the Contadora support group, which has been successful in expanding the scope of Contadora in seeking to Latin-Americanize a conflict through which the

great powers were becoming increasingly interested in turning the region into a military testing ground, which would have made Latin America a battlefield in the East-West conflict.

### Disarmament

We have spurred the group of six, which brings together chief executives from countries that have different political and social systems but are all calling for disarmament and peace. We realize that a slowdown in the arms race will free up funds that will lend a greater possibility of success to our call for a new economic order, a reduction of trade barriers and a transfer of funds from the financial system to production. Today, owing to their own problems but also because of the pressure of world public opinion, in which the group of six has influence, the United States and the Soviet Union are intensifying their talks on disarmament, and representatives of the group of six are being received at the super summit.

We reversed the international status of the Malvinas feud by putting more diplomatic pressure than ever on the United Kingdom. Argentina is convinced that this is the proper approach, and votes in the United Nations have shown that our country, which 5 years ago was segregated and almost scorned for its international conduct, has today catalyzed the entire community of nations and has left the United Kingdom accompanied only by two or three former colonies without political significance.

And we achieved this with the support of the nonaligned nations, which are indispensable in any diplomatic strategy to recover the Malvinas, but also with postures ranging from support to neutrality on the part of the developed Western countries. This has intensified debate within British politics itself, as the United Kingdom has become aware that neither the European Economic Community nor the British Commonwealth nor NATO as a bloc (Britain's primary areas of international action) support its intransigent approach.

### Trust

Our foreign policy has also enabled Western countries to begin showing Argentina the sort of trust and interest that they had not shown it for years. The agreement with Italy for \$5 billion in investments in small and medium industry; the similar accord that is in the final negotiating stage with Spain; the Aerolineas agreement with the Scandinavian airline; the support that the FRG is giving us to finance the nuclear program and in other specific areas of mutual interest; and the technological support and cooperation that we are receiving from Japan, all of these things, among others, show that our independent views and our maturity in addressing the various issues on which Argentina takes a stand not only do not undermine but in fact bolster our nation's presence and enhance its international prestige.

### Position

Today Argentina is struggling for an international position that will represent recognition of Argentine democracy's efforts: the presidency of the General Assembly of the United Nations. And our country is getting the consensus support of the great majority of the international community. British diplomacy is trying to counter this possibility, because such a development would obviously isolate it further and lend additional tacit support to Argentina's call for a negotiated solution to international conflicts, specifically our claim to the Malvinas.

Some weeks ago a high-level U.S. foreign-policy official visited our country. As usual, the press asked him for his opinion on Argentine-American relations, no doubt because of the outspokenness with which a certain mass medium scored the intelligent Argentine-Latin American stand on the request for an investigation of human rights violations in Cuba. The high-level official's reply was categorical: "Our relations with Argentina are the best in the history of the two countries. Of course we also have our differences, just as we do with Canada or France. They are the differences that are to be expected in relations between States." By likening Argentina to two of the countries that, after England, have the best relations with the United States, the official was unwittingly giving a lesson to those in this country who would out-Herod Herod.

The fact is that we would achieve nothing by turning our country into the slave of an empire, because an empire does not need slaves. It has more than enough of them whenever it wants. Moreover, we Argentines are not given to being slaves.

We have achieved what we have by our own efforts, by defining our interest in each field and by choosing (to bolster our forces) the appropriate partners for each objective, in accordance with a consistent foreign policy whose constant is to further the national interest of the Argentine Republic.

### Summary

In summary, we are Western; we are Latin American; we are democratic; we are nonaligned; we are advocates of peace and disarmament; we are debtors; we are critics of the international economic order; we are, simply, the Argentine Nation, which voices its desire in the world to grow with the greatest possible degree of national independence, integrated into the world and with a strong Latin American sentiment that is directed towards the continent of which we are a natural part by history, by culture and by geography.

I am sure that above and beyond ideologies and out-of-context statements, this is what Dr Angeloz wants. I agree with him that our people deserve not to be lost among the lesser developed countries that have grown little in recent decades but instead to be vying with the most developed nations. Dr Alfonsin has maintained this from the very first day of his administration because, moreover, it is the philosophy of the overwhelming majority of the Radical Party.

The issue, then, is not to leave anywhere. It is to be everywhere that we can work for the country's goals. And this is what we are doing.



## Ruling UDP's Biennial Meeting Makes Key Changes

### New Executive Line-Up

32980171 Belize City *THE BEACON* in English  
21 May 88 pp 1, 16

[Text] Sunday, May 15—The Biennial Conference of the United Democratic Party held on Bird's Isle this morning was supposed to be one of those showcases in healthy democratic practice, and was designed to put the party's top executive brass in place for the 1989 general elections.

The caucus of the party's top brass saw two senior officers stepped down from office. Agriculture Minister Dean Russell Lindo, the man who did such an outstanding job as the party's Chairman during the past two terms, withdrew from contention for the chairmanship, using the harsh analogy of Solomon's Judgement (See report in TUESDAY BEACON issue of May 17, 1988) for his decision to generate party unit. The post went to Communications Minister Derek Aikman who is already on record as having caused the party some embarrassment, and who was somewhat ungracious in accepting the post.

Another key position of Director of Organizations was also vacated by its incumbent holder Ambassador Santiago Perdomo.

Hopefully all this will led to the return of some measure of unity within the party...for there have been too many raised eyebrows among the rank and file.

The matter of party unity was the theme of the Keynote Address to the Biennial Conference delivered by Corozal Town Mayor Mrs Guadalupe Longworth. She called on the conference to ensure that the persons elected to office are strong, genuine party supporters capable of handling the positions they compete for and willing to sacrifice themselves for the party. We will publish excerpts from the text of the speech by Mayor Guadalupe Longworth in our next issue.

This newspaper, except for publishing the names of the new officers of the United Democratic Party, will limit our comments to what we have already said.

We are still committed to support the UDP government, and see no reason to change our stand, even in the face of criticism from some quarters.

### UDP Executive

Chairman	Hon Derek Aikman
Vice chairman	Hon Asterio Ortega
	Hon Eduardo Juan
	Mr Solomon Lewis

### UDP Executive

Secretary General	Hon Lelis Carballo
Dep Secretary General	Mr Jerry Nisbet
Treasurer	Mr Collet Gill
Asst Treasurer	Mrs Denna Nisbet
Director of Organization	Mr Eddie Longworth
Youth Director	Hon Reuben Campos
Women Director	Mrs Faith Babb
Legal Counsel	Hon Philip Godson

### Factional Maneuvering

32980171 Belize City *THE BELIZE TIMES* in English  
22 May 88 pp 1, 16

[Text] Birds Isle, Sunday, May 15, 1988—The former Minister of Natural Resources, Dean Lindo today became the former Chairman of the ruling United Democratic Party. Lindo was unceremoniously dumped by the Castillo-hacked Esquivel/Vasquez faction of a deeply divided party and replaced by the impetuous Transport Minister Derek Aikman.

According to an observer at Sunday's UDP biennial convention held at Birds Isle the ground work was done by Prime Minister Esquivel and his close advisers including the all powerful TV mogul-BTL Czar Net Vasquez who over the past several weeks since the UDP defeat in the municipal elections met quietly with the various party delegates lobbying support for Aikman. By the day of the convention the word was out that Lindo had to go.

A few days prior to the convention at an executive meeting of the party, it is reliably reported that Foreign Minister Dean Barrow, nephew and law partner of the Chairman, warned that any attempts to remove Lindo would have dire consequences. Barrow, it is reported, made it clear that no way could he work in a party with "an erratic buffoon" as chairman. But the party leader backed by a diffident Deputy Thompson and prodded by the powerful Rainbow lobbyists decided to call the bluff of the Church Street PDM faction. What followed at Birds Isle on Sunday is now history. Both Aikman and Lindo were nominated for the post of Chairman. When the time came for him to speak Lindo sensing that he did not have the numbers on his side (the entire North and South deserted him) decided to call it quits. A walkout from the convention followed: Lindo, Barrow, Elrington, Mayor Davis and several of their supporters left the island before the business of the convention was completed. Barrow who held the post of legal advisor was nowhere in sight when his name came up and that job fell

to the aging Philip Goldson. The instrument that was used to cut down the Church Street politico was none other than his erstwhile hard-right protege.

It was the same Aikman who weeks after becoming a Minister of Government chose as his first public act a rowdy attempt to disrupt the former Prime Minister from speaking at a PUP public meeting at the Court House Plaza. He was later to cause even greater embarrassment to the Esquivel Administration and to the entire nation when he chose to lead riotous disturbances of Church worship at the Anglican Cathedral designed to intimidate and harass the late Bishop Keith McMillan.

As Minister of Education, Aikman committed the notorious dismantling and destruction of our first truly national tertiary level Belize College of Arts, Science and Technology (BELCAST) and proceeded to hand over control to a third rate foreign institution. His READERS' DIGEST mentality brought international shame to the Country when he accused a UNICEF representative of belonging to "a communist organisation" proclaiming that the children of Belize did not need pre-schools "since they had television"!

With the trial of blunders committed by this self-centered bigot over the past three and a half years, the appointment of Aikman as Chairman of the governing UDP must rank as the most egregious folly of a fast disintegrating regime.

A few reminders will suffice:

- He duped the young people into paying \$25.00 for a Michael Jackson that never showed up to a youth

congress for which he has still not accounted.

- He hounded out of office the highly respected Permanent Secretary and black intellectual, the late Ronald Clarke.
- He chased out of the national Arts Council past UDP activist and well known dramatist Dianne Haylock. Her replacement the equally popular Beverly Smith had it coming too and quickly made her own exit.
- He supervised the beginning and the end of the short-lived Air Florida, then Challenge and now with Eastern and Continental he made sure that his family was well positioned. Those who dared to question his highly irregular and blatant conflicts of interests in these airlines such as young Flowers soon lost their jobs. He even pressured Rhaburn into deporting a Jamaican National who was sent by Challenge to carry out investigations.
- He defied Cabinet and hired a \$800,000.00 Manager for BEB: forced our Karl Menzies as Chairman and replaced him with K. C. Dunn, quarrelled with Dunn causing him to resign also. And with final irony tried to get Attorney Pitts member of the Board to dismiss the same high-paid Manager which would have risked the Board having to pay some half a million dollars in damages.

In all this a reckless and befuddled Esquivel has remained paralysed. Better the loyal clown than the treacherous Church Street schemer is how his advisors size up the situation. According to a well placed UDP source, the party is now rent asunder. The rift is deep. For the love of power and greed they will hold on as long as they can bask in hypocritical glory until the whole raise-up comes tumbling down.

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### **Public Poll Reveals Lack of Confidence in Government**

33420100b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jun 88 p 26

[Text] Corruption in government entities, lack of national leadership, lack of honesty and unity, and fear of AIDS. These are the issues that most concern people of Sao Paulo at the moment.

They enlarge the list of problems the people live with daily, such as crime, unemployment, inflation and uncertainty about the future of the country—worries that were already part of their history.

This is what is indicated in the biannual research publication MONITOR—CONSUMPTION INDICATOR, from Almap (Alcantara Machado, Periscinoto Comunicacoes Ltd), issued yesterday and published exclusively by O ESTADO DE SAO PAULO. Confidence? Only in themselves, answered 21 percent of the 400 interviewed in the city of Sao Paulo. Political parties, politicians themselves, ministers, the president of the Republic and the governor, in that order, are increasingly discredited and deserve no confidence on the part of more than 61 percent of those interviewed. The solution to the problems of the country can therefore come only from the people themselves, 55 percent believe.

It is curious that in the list of concerns, AIDS and corruption were mentioned by the same percentage of interviewees: 38 percent. "Fear of AIDS appears as a very strong symbol of the destruction of values and of society itself," declares Jacqueline Haas, vice president of Almap.

Disbelief in the face of events, depression, lack of hope for progress and consequent indignation, fear and insecurity with respect to the future. This is how the Sao Paulo resident feels about the life he leads. People don't believe that the period of crisis is nearing an end. Instead of hope, those interviewed revealed that they expect a worsening. The budget of 69 percent of them is tighter now than 6 months ago. And for the next 12 months, 66 percent believe that it will be tighter still. This means less money for basic needs and a growing drop in personal satisfaction and fulfillment.

Restrictions on consumption imposed by the loss of purchasing power contribute to a feeling of humiliation, fear and insecurity among the Paulistas. Week-end trips, clothing, restaurants, movies and theater, records and books are suffering growing cuts. In the food sector, consumption of secondary products also continues to be reduced, especially soft drinks, yogurt and cheese, and snacks. The consumption of basic foods, although still falling, shows a less drastic level of decline. This would appear to indicate that the reduction of expenditures in that area since October of 1986 is reaching the supportable limit.

In this situation, which Jacqueline considers sad, what does not change are dreams. And the majority (60 percent of the interviewees) dreams of buying something. The acquisition of a home of their own is the leading choice (68 percent). "This is directly related to the need for security," says Renata Gouveia Delduque, project coordinator of Almap. Next, if they had the extra money, people opted for vehicles (36 percent), durable goods such as freezers and telephones (25 percent) and leisure (20 percent).

Jacqueline says that there is a tendency for the picture to become even blacker. "This could be the road to a radical mass movement," which she considers very dangerous. "We are not succeeding in measuring where the energy of society is being channeled. Therefore, the force that first succeeds in polarizing it will determine the future. The problem is that it could be any type of force, provided that it has a sufficiently strong appeal," she warns.

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### **Further Deterioration in Economy Seen Under Sarney**

33420102b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jun 88 p 7

[Text] Jose Sarney's continuation in office as president of the Republic until March 1990 will help worsen the country's already critical economic situation. That was the reaction by 62 percent of Sao Paulo's residents the day after the Constituent Assembly approved a 5-year term for the president, according to findings by O ESTADO DE SAO PAULO's Research Department.

In a poll conducted in five areas of the capital and involving 400 personal interviews representative of the population universe, Sao Paulo's citizens demonstrated that they had been attentive to the decision on the presidential term of office. Attentive and, following the vote, dissatisfied: The majority (63 percent), regardless of sex, class or age, expressed "dissatisfaction" with the result, and that dissatisfaction became even more obvious when 57 percent of that 63 percent said they were "profoundly" dissatisfied. Besides the worsening of the economic-financial situation, the dissatisfaction of Sao Paulo's citizens is also reflected in their opinion of the political picture, which 48 percent of them say is growing worse.

### **Who Will Lose**

To the question of who will be harmed by the National Constituent Assembly's decision, the response was clear: 65 percent said the population itself would suffer the most harm, followed by two political opponents, Mayor Janio Quadros and the former governor of Rio de Janeiro, Leonel Brizola, according to those interviewed (each was mentioned by 7 percent). There were also those (3 percent) who named President Sarney himself—

who had one of his most peaceful days the day before yesterday as he celebrated approval of his term of office—as someone who will be harmed in the long run by staying on as president until 1990.

The general consensus in the population as to who will lose from the 5-year term was not repeated when it came to the question of who would win. Sarney was the biggest beneficiary, according to 38 percent of Sao Paulo's residents, followed by Deputy Ulysses Guimaraes, chairman of the Constituent Assembly and the PMDB and speaker of Congress: 25 percent of those polled believe that he comes out ahead as a result of the 5-year term.

The PMDB and the Big Center are apparently neck to neck, since they were mentioned respectively by 15 percent and 12 percent of Sao Paulo's citizens as benefiting from the fact that the presidential election will not be held until next year. Senator Mario Covas, PMDB leader in the Constituent Assembly, who did everything he could to get a 4-year term approved, was mentioned by equal numbers (6 percent) as being harmed and benefited by the 5-year term.

While emerging as one of the beneficiaries, Ulysses is also pointed to (by 31 percent) as being the man chiefly responsible for Sarney's victory. It is chiefly the women (36 percent) who hold that opinion, compared to 25 percent of men. Next comes the Big Center, which 23 percent of Sao Paulo's residents say is responsible. That opinion is most obvious in the middle class (36 percent). In the opinion of that segment of the population, incidentally, the Big Center carried more weight in the vote the day before yesterday than the chairman of the Constituent Assembly (who was said to be responsible by 30 percent of those polled in classes A and B).

President Sarney was another figure named as being responsible for his victory (19 percent overall, but 26 percent in the middle class). Another 14 percent of those polled placed responsibility on the PMDB. There were also those who put the blame on Senator Mario Covas (7 percent) and Leonel Brizola (2 percent). There were also indications of self-criticism, since 7 percent of Sao Paulo's citizens said the population itself was responsible for approval of the 5-year term. This last response was higher in the middle class (10 percent) than in classes C and D (6 percent).

The social classes making up the universe of the poll were broken down as follows: Of the 400 persons interviewed, 123 belonged to income classes A and B and 277 to classes C and D. The sample was divided equally between the sexes, while as far as age is concerned, 172 were 30 years of age or younger and 228 were over 30 years old.

The five questions assumed that the respondents knew that the Constituent Assembly had approved a 5-year term for the president of the Republic. The question on

the country's political and economic prospects following the vote on the term of office made it clear that it was referring to the country's situation under President Jose Sarney's administration.

#### No Candidate Excites Voters

None of the 10 figures currently considered the most likely candidates to occupy the office of president of the Republic on 15 March 1990 is preferred by the capital's residents. The poll conducted by O ESTADO DE SAO PAULO yesterday indicates that 17 percent of Sao Paulo's residents reject the possible candidates receiving the most mention in political circles, while an even greater number of people (32 percent) have no opinion as to who their candidate would be.

Among the names mentioned, it was Senator Mario Covas, the PMDB's leader in the Constituent Assembly, who scored highest at 13 percent. Mario Covas was also named by 6 percent of the respondents as one of those harmed by the approval of a 5-year term.

The next most popular name among Sao Paulo's residents was that of businessman Antonio Ermirio de Moraes at 7 percent, or 6 percentage points less than Mario Covas. Ermirio and the other possible candidates seem to be huddled in a pack: Leonel Brizola scored 6 percent, or 1 percent more than Paulo Salim Maluf. Three others—Luis Inacio Lula da Silva, Governor Orestes Quercia, and Mayor Janio Quadros—were neck to neck at 4 percent each.

Announcer Silvio Santos, who is being considered as a candidate for mayor of Sao Paulo, is liked by 2 percent of his fellow citizens. That is twice as many as those saying they like the chairman of the National Constituent Assembly, Deputy Ulysses Guimaraes, or Senator Fernando Henrique Cardoso, a PMDB dissident.

#### Entire City Covered

The poll on Sarney's term of office was conducted yesterday under the responsibility of O ESTADO DE SAO PAULO's Research Department. It was based on 400 personal interviews representing the population universe in terms of sex, social class, and age. The sites chosen for the interviews were those with large concentrations of people and covered the city's five zones.

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#### Foreign Affairs Ministry Seeks Debt Repayment From Iraq

33420095a Brasilia CORREIO BRAZILIENSE in Portuguese 4 May 88 p 14

[Text] The Ministry of Foreign Affairs yesterday asked Iraqi Deputy Prime Minister and Minister of Foreign Affairs Tariq Aziz to have his government take steps to facilitate a solution to the question of the payment of



\$500 million owed to Brazil by Iraq. The request was made in diplomatic form, however. At the conclusion of a working session that dealt with the war in the Persian Gulf, Acting Minister of Foreign Affairs Paulo Tarso Flecha de Lima delivered to the Iraqi minister an aide-memoire in which he suggests a "political approach" to speed up measures with a view to resolving the trade dispute between the two countries, according to Ruy Nogueira, spokesman for the Brazilian Ministry of Foreign Affairs.

The spokesman emphasized that this was only an "aide-memoire," noting that the Iraqi obligations do not yet technically constitute a debt. He also refused to disclose the exact amount, but acknowledged that it is between \$300 million and \$500 million. Half of this sum is owed to the Mendes Junior construction company and reflects additional costs incurred by the company in the construction of the Bagdad-Akashat railway, which was completed in 1986.

Another part of the debt derives from lines of credit granted by CACEX [Foreign Trade Department of the Bank of Brazil] to the Iraqi Government for the acquisition of Brazilian products; bank guarantees; surety bonds paid for by Brazilian companies (such as ESUSA) that did construction work in Iraq; and some commercial arrears totaling slightly less than \$100 million.

#### No Problems

This matter is the only delicate point in the relations between Brazil and Iraq, but the Brazilian Government does not believe the debt will become a subject for litigation, inasmuch as the relationship between the two countries is considered to be a model one, spokesman Ruy Nogueira declared. He noted, for example, that Iraq has for years been an "extraordinarily reliable" supplier of petroleum, even during the oil shock of the 1970's. Aziz promised to send the request to the Rafidain Bank—Iraq's central bank—whose measures to resolve the matter, according to our Foreign Affairs Ministry, have been "somewhat dilatory." Moreover, Iraq does not recognize all of the Brazilian demands as debts, and this has accordingly created a divergence in the numbers; hence the anxiety of our Foreign Affairs Ministry not to reveal the exact amount of the debt.

There have already been at least two meetings to discuss the matter. The most recent such meeting—held in February in Bagdad—was to have been attended by Ambassador Paulo Tarso Flecha de Lima, who had to cancel his trip because he was in the process of becoming the acting minister of foreign affairs. Acting in that capacity, Paulo Tarso expressed his regrets yesterday to Minister Tariq Aziz that he had been unable to travel to Iraq but said he was sure that the two governments are committed to finding a solution that will reestablish trade at a significant level. Iraq is already Brazil's number three trade partner and its principal supplier of petroleum.

#### Tucano Pleases Minister

The principal purpose of the visit of Iraqi Deputy Minister of Foreign Affairs [as published] Tariq Aziz to Brazil is to seek Brazil's support for peace in the Middle East, it was stated yesterday by a counselor of the Iraqi Embassy who was a member of the visitor's party. Concurrently, the Iraqi delegation discussed—with military circles—matters relating to the exchange of technological information and to the training of officers of the Iraqi armed forces at Brazilian schools of advanced military training, by means of agreements.

At the Ministry of Aeronautics—despite the denials of aides to Minister Moreira Lima—our visitor showed himself to be interested in acquiring the Tucano training aircraft, built by EMBRAER [Brazilian Aeronautics Company]. Iraq is continuing to receive the quota of Urutu and Cascavel tanks purchased 2 years ago from ENGESA [Specialized Engineers, Inc.]. Technical experts of the Iraqi Army who are members of the Tariq delegation will remain in Brazil to facilitate the delivery of military equipment acquired from AVIBRAS, notably the Astro II (an area saturation weapon used by the artillery), which is being employed in the war against Iran.

During his visit to the military and civilian authorities in Brasilia, Tariq Aziz was supported by a strong security network consisting of the Marine Corps, National Intelligence Service, and Federal Police. At a conference held behind closed doors yesterday with Minister of the Army Leonidas Pires Gonçalves, the visitor was received by the minister in the main reception room of his office at the headquarters of the Urban Military Sector. Tariq was greeted in English—a fact that caused him to dispense with his interpreter, inasmuch as both he and the minister speak that language fluently.

#### Embassy

During the stay of Deputy Prime Minister Tariq Aziz in Brasilia, the Foreign Affairs Ministry recommended to the security organs that police protection be strengthened at the embassies of Iraq and Iran, as a precaution against the possibility of demonstrations against those countries by some members of their respective colonies in Brazil. Tariq and his party are leaving today for the Amazon Region, where they will visit the principal military units under the Amazon Region Military command, following which they will visit Rio de Janeiro.

10992/9274

#### New Constitution Protects Domestic Firms, Mining Sector

33420097a Sao Paulo ISTOE in Portuguese  
4 May 88 pp 62-64

[Text] According to Pernambuco Deputy Ricardo Fiuza (PFL) of the Centrao [Big Center], "not even in China" would such a nationalistically inspired article as the one



sanctioned by the National Constituent Assembly last Thursday, the 28th, be approved. By 343 votes to 126, the constituent delegates decided to make the exploration and exploitation of mineral deposits an exclusive privilege of Brazilians or of Brazilian companies with national capital, in addition to granting a meager period of 5 years for the foreign companies that are exploiting deposits to turn over control of their business and capital to Brazilian partners and leave the country. "That is indescribable madness. They have buried the country," shouted Deputy Fiuza in the plenum of the Constituent Assembly.

He was not the only member of the inflexible wing of Centrao to become extremely upset by the succession of victories on the Economic Order won by the group of Senator Mario Covas (PMDB—Sao Paulo). Thursday afternoon, moments before the vote that nationalized the exploitation of mineral reserves, Deputy Paulo Ramos (unaffiliated, Rio de Janeiro) declared that the names of those who voted against nationalization should be smeared in the public square. He was called a "rascal and a madman" by Deputy Jose Lourenco (PFL-Bahia), and in the verbal exchange that followed the two constituent delegates almost came to blows. When the congressional electronic scoreboard announced the victory of nationalization, Deputy Delfim Netto (PDS-Sao Paulo) preferred to resort to sarcasm in a whisper to Senator Jarbas Passarinho (PDS-Para): "Now we are going to revoke the law of gravity, allowing all the constituent delegates to go out flying," said Delfim. He received a nervous reply from the senator: "With this article, the companies are not going to wait 5 years to leave. They will go right now," said Passarinho.

#### Tactical Error

But the first reaction of the companies affected was cautious. Antonio Conde, foreign relations manager of Alcan, a group that has been in Brazil for half a century exploiting bauxite, said that "it is still too early to make a judgment; it depends on the second round and the ordinary law." Conde's caution is justified by the surprise caused by Thursday's vote.

It is possible that the demobilization of machinery and capital feared by the senator may not be that sudden. Because foreign capital companies hold 38.1 percent of the deposits in Brazil, compared to 26.9 percent in the hands of state enterprises and 35 percent belonging to Brazilian private groups. Even so, the vote for nationalization by the constituent delegates added to the criteria they elected to define a national enterprise, and the proscription against the country signing new risk contracts for the exploration of oil has alarmed many people. On Thursday, Deputy Jose Geraldo, one of those who devoted themselves to negotiating an agreement between the PMDB Left and Centrao on the Economic Order, considered that proscription of the deposits will set back the country's mining sector 100 years and will hurt negotiations on the foreign debt. "It was an illogical

slap at foreign capital," said Geraldo. Protests such as that were muffled, however, by the noisy celebrations to which the plenum resorted in approving nationalization of the exploration and exploitation of minerals. "It was not a state control or xenophobic attitude, but the characterization of the sovereignty and independence of the state," intoned Deputy Gastone Righi (PTB-Sao Paulo), who with other members of Centrao, such as Deputy Jose Sarney Jr (PFL-Maranhao) gave his endorsement to nationalization.

Behind the nationalistic speeches, what really happened was a disastrous coincidence for those who defended greater freedom for foreign capital which, on the one hand, brought together a successful coordination of lobbies interested in establishing market reserves for national companies and, on the other, a political precipitation of Centrists such as Deputy Jose Lourenco. Confident that Centrao would gain another overwhelming victory such as the one it scored in defeating parliamentarianism and the 4-year term, Centrao conservative leaderships disdained the careful coordination effected 2 weeks ago by Senators Severo Gomes and Mario Covas and decided to collate their bill with the one on Systematization in the plenum. On Tuesday, they received a scant 210 votes to 279 against. On Wednesday, the mediating proposal of Severo Gomes regarding the definition of a national company won by 499 votes to 16. The proposal establishes a distinction between Brazilian companies formed under the country's laws but under foreign control, and companies whose decision-making, technological, and capital control are in the hands of physical persons "domiciled and residing" in Brazil.

#### Decisive Pressures

Centrao's tactical error was to believe that this time also it would have the backing of the presidency and the state governors in its favor. "President Jose Sarney was only concerned about the question of the presidential term," lamented a Centrao constituent delegate on Thursday. "This is a plenum of convenience. Here, the majorities are formed on the basis of topic," explained Deputy Guilherme Afif Domingos (PL-Sao Paulo). While the support expected by Lourenco did not come from the presidency, it is certain that some decisive pressures came from the government to draw a distinction and protect companies headed by Brazilians. Present at the negotiations led by Severo Gomes were, for example, the secretary general of the Ministry of Science and Technology, Luciano Goutinho, the office chief of Minister Luis Henrique, Milton Seligman, the chairman of the Special Secretariat for Informatics, Jose Ezil da Veiga, and members of the Brazil Informatica movement.

#### Endorsement of the President

It was from the meeting of those experts with Centrists invited by the senator that the final proposal on the articles on the Economic Order emerged. However, the defeat of the conservative wing of Centrao and the

defenders of easier laws on foreign capital should not be attributed to the PMDB or the Left, according to the reading of Deputy Roberto Cardoso Alves (PMDB-Sao Paulo). In his opinion, it was the colonels of the National Security Council, the contractors and industrialists of the advanced chemicals and pharmaceutical industry that defeated Centrao. "They are the ones who are responsible. They want a market reserve; they do not want competitors," said the deputy.

#### National Company

The new constitution establishes that "a company formed under Brazilian laws that has its headquarters and administration in the country" will be considered a Brazilian company. It, thus, distinguishes that type of company from a "Brazilian company with national capital," which is one "the effective control of which is under the direct or indirect authority of physical persons domiciled and residing in the country, or internal public-law entities." For the latter, ordinary laws will guarantee "protection and temporary special benefits" provided that they carry out "activities considered strategic for national defense or are essential to the development of the country."

#### Mining

It is established that "utilization of the hydraulic energy potentials and the exploitation of mineral resources and deposits can only be carried out through authorization or concession of the Federal Government, in the national interest, by Brazilians of a Brazilian company with national capital." Deposits, mines, and other mineral resources are the property of the federal government and their exploitation on border strips or native reserves will depend on a specific law. The monopoly of the federal government in the exploration and exploitation of oil deposits is reaffirmed by the text approved by the constituent delegates. The Constituent Assembly also established that the Economic Order must be founded, first, on the valorization of human labor and, second, on private enterprise.

8711/9274

#### Deferment of Local Elections Gains Support in Constituent Assembly

33420102a Sao Paulo VEJA in Portuguese  
1 Jun 88 pp 30-31

[Text] Within the next few days, after the members of the Constituent Assembly decide the last of the controversial issues they must vote on—the length of President Jose Sarney's term of office—the way will be clear for kicking off a campaign that is already taking shape behind the scenes. That creeping movement to extend the terms of the current mayors is not regarded favorably by Brazil's 70 million voters, who are hoping to choose the leaders of their municipal administrations this year. It may still be meeting with disapproval on the part of a solid bloc of

Constituent Assembly members—at the moment, it is far from enjoying majority support among those members—but because of a few peculiarities being observed on the political stage, the idea has a chance of gaining momentum. Besides the current mayors, who naturally like the idea of postponing the municipal elections scheduled for this November, support for the idea is beginning to grow within the Constituent Assembly as a whole. "The proposal has been gaining a lot of strength over the past few days, but no one is venturing to say publicly that he will vote for postponement," admits Deputy Euclides Scalco (PMDB [Brazilian Democratic Movement Party], Parana), who is currently committed to forming a new center-left party.

Senator Saldanha Derzi (PMDB, Mato Grosso do Sul), the government leader in the Senate, presented the idea publicly last week. Derzi received a scolding from Deputy Carlos Sant'Anna, government leader in the Chamber of Deputies, for raising the question of holding mayoral elections at the same time as the election for President Jose Sarney's successor. "Saldanha should not have mentioned the matter before the vote on Sarney's term of office," said Sant'Anna during a meeting with his deputy leaders. It can be deduced from the deputy's reaction that according to the Planalto Palace's plans, the topic should be "heated up" only after a 5-year term for President Jose Sarney is assured—that being the term that will probably be included in the Constitution, since it now has the acquiescence of even the president's most vociferous opponent, former Governor Leonel Brizola.

#### Public Deficit

Scalco himself lets slip a touch of sympathy for the postponement idea. Deputy Scalco said ironically to a colleague last week: "We hope that the Big Center will do its duty." That comment is obscure only to someone unfamiliar with the labyrinths of congressional politics. The largest number of votes in favor of postponing the elections is said to exist in the Big Center—and that postponement, even though criticized by the PMDB members now packing their bags to move to a new party, would give the latter more time to line up people to run for office in a large number of municipalities.

In another movement on behalf of postponement, Senator Alvaro Pacheco (PFL [Liberal Front Party], Piaui), a friend of the president of the Republic, met for dinner with the Big Center's chief organizers and defended the idea. His clumsy argument in favor of postponement was that it was a way of controlling the public deficit. "Sarney is interested in postponement, since it will represent a savings of 20 billion cruzados," he said. At the same time, mayors in Sao Paulo State are sending telegrams to the Constituent Assembly's members through the State Association of Municipalities to ask that municipal terms of office be extended.

When it votes on the issue, which comes under the heading of provisional measures, the full Constituent Assembly will have to study an arsenal of amendments—five extending the terms of mayors and municipal councilors by 1 year, two postponing the election for 2 years, and one proposing a general election next year. Approval of that last-named amendment would mean the automatic extension of the mayors' terms of office, since no one is going to campaign to govern for only 1 year. "The Constituent Assembly needs to establish a timetable making the elections coincide," proclaims Deputy Gilson Machado (PFL, Pernambuco), the author of an amendment postponing the municipal elections until 1989.

### Political Ghost

The debate on the matter has at least demonstrated that the idea of postponement is now being accepted where least expected. Even a critic of postponement like the mayor of Curitiba, Roberto Requiao of the PMDB, says that in his case, postponing the election would have its advantages. "One more year would bring our administration to a good conclusion," he says. Like many politicians who committed themselves to the idea of leaving the ballot box open provided that the election timetable pointed in that direction, Requiao is bowing to the facts. Publicly, few politicians are talking about postponing the elections. Secretly, they love the possibility. "If the vote on the amendments were secret, we would have a sure victory," says Deputy Gilson Machado, the author of one of the amendments favoring postponement. Besides the open vote, the Constituent Assembly's members will face other obstacles when the time comes to decide. One of them, for example, is the governor of Minas Gerais, Newton Cardoso, who controls a hefty slice of the Minas Gerais bloc and advocates sticking to the election timetable set for this year. "I don't accept postponement," says the governor. "Those opposing the election are against it because they have nothing to show the people and are afraid of the ballot box." Another difficulty lies in the full Constituent Assembly itself. "Among the members, we have at least 151 mayoral candidates who will vote against postponement," explains Deputy Mauricio Fruet (PMDB, Parana), who is a candidate for mayor of Curitiba.

Lastly, hovering over all those arguments is an example from history. In September 1980, following a session that lasted more than 13 hours and involved 10 congressmen in a brawl that destroyed 27 chairs in the hall, Congress approved an extension of the terms of mayors and municipal councilors. The municipal elections that were to have been held that year did not take place until 1982, along with the elections for governors, deputies and senators. At the time, the PMDB's congressmen expressed their opposition to the measure on several occasions. Today no amendment can be approved by the Constituent Assembly without the PMDB's votes. Still hanging over the story of the extension of mayoral terms

during the Figueiredo administration is the shadow of a political ghost—that of Deputy Anisio de Souza, who authored the amendment postponing those elections and who failed to get re-elected.

11798

### FRG Interest in Sonda IV Rockets

33420102d Rio de Janeiro O GLOBO in Portuguese  
28 May 88 p 20

[Text] Sao Jose dos Campos, Sao Paulo—The FRG is interested in purchasing Sonda IV rockets designed by the Aerospace Technology Center. They will cost about \$300,000 (48.6 million cruzados) each. The inquiry in that connection was made by the FRG's Institute of Aerospace Technology Research and Development (DFVLR), which did not specify the quantities desired.

The West Germans have already purchased several Brazilian rockets of the Sonda III class, which cost \$150,000 (24.3 million cruzados) and the technology for which is being transferred to the firm of Orbita Aerospace Systems.

The West German institute's intention is to use the Sonda IV for research in the atmosphere, taking advantage of the fact that it is capable of carrying 150-kg payloads to an altitude of 800 km.

The Sonda IV is still in development. There have been three launchings to date, and the rocket is scheduled to undergo more flight tests this December and in the second half of next year for final qualification.

The United States is also interested in acquiring these rockets, since there is nothing similar in that country.

11798

### Budget Cuts Jeopardize Military Modernization Projects

33420100c Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 May 88 p A-6

[Article by Roberto Lopez]

[Text] The budget cut applied by the government to all ministries threatens to cancel two of the most urgent items in the Army's reequipment plan: the modernization of 155-mm cannons of South Korean manufacture, and the acquisition of gas masks and other chemical warfare equipment (a field of military expertise in which the Brazilian ground forces are almost stagnant).

The Ministry of Aeronautics also faces the problem of lack of resources. The Brazilian Air Force (FAB) is without funds to carry out as it would like the final development phase of the AMX fighter-bomber, in the Italian-Brazilian concept, and it still has to administer



such burdensome projects as the remodeling of its naval patrol squadron and the acquisition (practically at the same time) of Mirage fighters, F-5 fighter bombers and advanced jet trainers.

In the Navy the situation is even worse. While trying to plan its order for helicopters, corvettes, patrol boats and auxiliary units (tanker, polar research ship and others), the staff of Minister Henrique Saboia and the Naval General Staff (EMA) must also be concerned with budgeting for construction of a submarine of German design at the Rio de Janeiro Naval Arsenal, the importation of a quantity of heavy torpedoes and the purchase of destroyers or frigates capable of replacing at least a part of the very old antisubmarine force (World War II destroyers of American manufacture).

#### Army

The Secretariat for Science and Technology of the Army is going to have a meeting to see if it can find a way to save the gas mask order. It will be very difficult to achieve the modernization of the cannons. The Army would like to exchange the short barrels of its 155-mm pieces for long barrels—better adapted for the more rapid and destructive types of ammunition. They also want to equip the South Korean cannons with small motors that would assist the gunners in positioning them for firing. The ideal would be to buy a batch of modern cannons. The General Staff of the Army (EME) has been studying the problem for at least 2 years. In mid-1986 Italian, English and Austrian manufacturers demonstrated their 155-mm cannons at the military proving grounds in Formosa, a municipality in Goiaz near Brasilia. The problem was the same as always: There wasn't enough money.

Some projects are considered priority, and the EME intends to insist on them. This is the case, for example, with the installation of the Center for Electronic Warfare Training (Cige), which is being constructed in the Federal District near the suburb of Sobradinho. Just for electronic warfare training equipment (programmed interference) in ground unit communications (Comint, in military jargon), the Army has already spent \$8 million. Now remaining to be imported is electronic warfare training apparatus for radar signals (Elint). In 1992 the large ground force units should begin to receive a series of five companies specialized in electronic warfare.

Another priority is the deployment of the 1st Army Aviation Battalion, which will be located at the municipality of Taubate (128 km northeast of Sao Paulo). The Army wants to have five light helicopters in operation at the Taubate base by next November. The battalion will begin flying with Esquilo-type craft of French Aerospatiale technology. The Esquilo and the Dauphin-2 (a larger helicopter for the transport of seven fully equipped soldiers) were the two models selected for Army aviation.

#### Norwegian Missile

The FAB wants to operate a completely modernized naval patrol unit. To this end, it has selected eight of its old bimotor P-16's for extensive remodeling of engines and electronic detection equipment. Four more aircraft in the same condition will be purchased, bringing to 12 the total of aircraft to be operated from the carrier "Minas Gerais." FOLHA has learned that the FAB is thinking big, and is looking at the possibility of equipping its P-16's with Norwegian Penguin Mk-3 missiles.

All of this has a high price as well. On the engines of these planes alone the FAB is going to spend about \$100 million. The electronic "stuffing" won't be cheap either. The aircraft will get new radars and sensors, equipment that emits signals when the aircraft falls into the sea, and electronic warfare equipment. At least three large European groups have announced their willingness to participate in the bidding for supplier of this electronic "stuffing": M.E.L., the British Ferranti and the French Thomson.

The FAB still will have to plan for the payment of 26 F-5 fighters, which it wants to buy from stocks of the American Air Force. The unit price of each plane is about \$800 thousand—approximately 20 percent of the cost new—but the acquisition is provoking controversy in the Air Ministry. It turns out that these planes were part of a squadron that served as "enemy figuration" for the training of American fighter pilots. To perform this type of mission, the F-5's were subjected to maneuvers for which they were not designed, and thus subjected to additional and dangerous strain. The remodeling of these fighters could cost the FAB an additional \$100 million.

12942/9274

#### Reportage on Feud Among Space Agency Officials Over SLV

##### Camarinha Disputes FOLHA Report

33420101 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 May 88 p A-16

[Report by Roberto Lopes and Dalton Moreira]

[Text] "Mr Raupp and Mr Carleial have no reason to buy a launch rocket in the United States or anywhere else. They are sabotaging the Brazilian space program, and you can say so in your newspaper." That was the way Chief of Staff of the Armed Forces (EMFA) Gen Paulo Roberto Camarinha, who was visibly upset, commented yesterday on the news item that had appeared in FOLHA concerning the dissatisfaction of the director general of the National Institute of Space Research, INPE, Marco Antonio Raupp, and its director, Aydano Carleial, with

the problems encountered by the Ministry of Aeronautics in building a launch rocket that would put the first Brazilian scientific satellite—being built by INPE—into space.

Raupp and Carleial want the government to purchase a foreign launch rocket in order to keep the satellite launch plans on schedule. Yesterday, FOLHA reported that a trip made by Carleial to the United States could mean that INPE has already started negotiating to purchase such a rocket. Leaving the ministry at 1800 hours, Gen Camarinha was very clear: "As head of EMFA, I am the one who is president of the Brazilian Commission for Space Activities and therefore I am the one that coordinates the entire Complete Brazilian Space Mission. Since I did not give anyone an order to buy any rocket anywhere, there is nothing new on the subject. Yesterday (Wednesday), I took everything that exists regarding the development of the Sonda (the aeronautics ministry's launch rocket) and the space program, along with all the documentation, to President Sarney."

Camarinha said that he had received a phone call in the morning from Minister of Science and Technology Luiz Henrique da Silveira, who seemed very concerned about the report of the INPE director's trip to the United States. INPE is an agency of the Ministry of Science and Technology, MCT. "He (Luiz Henrique) asked me if I had read FOLHA and I told him I had not. Then I reassured him by explaining that since no one had come to me yet to ask what I thought of the problem, it meant that there was no decision to be made or explained. Because I'm the one who coordinates the space program."

#### China

The Brazilian Commission for Space Activities, COBAE, is looking at the question of whether the aeronautics ministry's Institute for Space Activities, IAE, should obtain the advisory services of Chinese technicians in proceeding with the development of the launch rocket. The management of the Brazilian company Orbita—formed through an association that includes Embraer (a company connected with the Aeronautics Ministry), Imbel (a company connected with the Army Ministry), Engesa (a well-known manufacturer of armored vehicles) and a group of smaller companies—has been quietly leaking the idea in recent days that Orbita might take over responsibility for producing the Brazilian launch rocket and obtain technical assistance from the French. Actually, the truth is that COBAE has not received any proposal for such an undertaking. Yesterday afternoon, wanting to keep informed about the negotiations between Brazil and foreign entities on the issue of the rockets, the Navy General Staff, EMA, dispatched an official to EMFA. The officer, a frigate captain, was particularly interested in the cooperation between Brazil and China.

Within the next 2 weeks, COBAE's vice president, Reserve Gen Enio Russo, will chair a meeting that will bring together for the first time the Management and Follow-Up Group of the Complete Brazilian Space Mission (MECB). That group includes representatives of COBAE, IAE, INPE, and the Aerospace Technical Center, CTA, in Sao Jose dos Campos, SP, where the IAE has its headquarters. During that meeting, Russo will appeal for an end to the dissension about the Brazilian space program.

The meeting will take place in Brasilia at EMFA or at the CTA in Sao Jose dos Campos. The group will evaluate the consequences which the problems with the launch rocket would generate—and what they could mean for the Brazilian space program. There is speculation that the failure of the latest Sonda-4 launching in October—and the IAE's difficulties in obtaining appropriations and recruiting skilled personnel—may delay the launch of the satellite (planned for mid-1989) by 2 years.

#### Irritation

FOLHA has learned that, pressured by criticism from the Aeronautics Ministry because of the discontent that now reigns at INPE, the science and technology minister yesterday morning ordered INPE's director general, Marco Antonio Raupp, either to stop talking about the subject or to announce a new position on the problem with the launch rocket: that the building of the rocket is solely and exclusively the Aeronautics Ministry's problem. Raupp met with Minister da Silveira at 0930 hours in Brasilia. That same morning, in INPE's Brasilia office, he began giving interviews to the press, denying that the institute had any interest in buying a foreign launch rocket. Early in the afternoon, at 1300 hours, he left to return to Sao Paulo.

Raupp's statements, the FOLHA news report and Carleial's trip have greatly irritated the EMFA head. Gen Camarinha felt that COBAE—and by extension, EMFA—are being "mowed down" by debates, measures, and meetings which, despite the MECB's basic interest, involve decisionmaking power.

#### Moreira Lima

The first official statement from EMFA on this topic will come in early June, when Gen Enio Russo presides over a meeting of the MECB management and follow-up group. The position of Minister da Silveira became particularly uncomfortable after Aeronautics Minister Moreira Lima obtained the full support of his military colleague and fellow minister Paulo Roberto Camarinha for keeping at IAE and in the Brazilian Air Force, FAB, the project to develop the rocket that will power Brazil's satellite launch vehicle, SLV.



The predominating opinion at EMFA is that the delay in the timetable for launching the satellite will be more than offset by the technical experience that CTA engineers will acquire by developing the rocket in Brazil.

#### **Press Visit to Alcantara Arranged**

The Ministry of Aeronautics has gone on the offensive with the press, to try to refurbish its image following the FOLHA news item concerning the failure of the launch of the Sonda-4 rocket last October and the difficulties which the ministry's IAE has encountered in successfully developing that equipment.

Last Tuesday, a Brasilia cargo plane assigned to the office of Aeronautics Minister Octavio Moreira Lima took off from Brasilia with 15 journalists aboard for a visit to the launch base at Barreira do Inferno (RN) and the work site at the Alcantara Launch Center, CLA, in Maranhao State. FOLHA was not invited on this tour.

Maj Telles Ribeiro, of the ministry's Public Communications Center, CECOMSAR, said yesterday that the journalists who made the visit represented "the newspapers who were interested in the subject."

Yesterday, FAB flew the same group to the CTA in Sao Jose dos Campos for a press conference given by the CTA director, Maj Gen Luiz Carlos Accioly. FOLHA was not invited on that trip either.

The news report on the problems with the Sonda-4, which led to the criticism by INPE (part of the Ministry of Science and Technology) of the IAE's ability to build the launch rocket—greatly displeased Minister Moreira Lima.

#### **CTA Director Says Sonda-4 Did Not Explode**

The failures that occurred in the launching of prototype No. 3 of the Sonda-4 rocket from the base at Barreira do Inferno (in Natal, Rio Grande do Norte State) last October were not made public "because the Ministry of Aeronautics didn't think they would be of interest to public opinion, since the experiment was partially successful." This information came from Maj Gen Luiz Carlos Boaventura Accioly, director of the CTA, an agency of the Ministry of Aeronautics located in Sao Jose dos Campos (85 km northeast of Sao Paulo), which is in charge of developing a satellite launch vehicle, SLV, under the Complete Brazilian Space Mission, MECB.

Accioly held a press conference yesterday to explain what "really" happened with the Sonda-4 which, he stressed, "did not explode." According to Accioly, the main defect was in the system that separates the second stage of the rocket. It did not function, although it had already been successfully tested in prototypes Nos. 1 and 2 of the Sonda-4 and in the 23 models of Sonda-3. In addition, the CTA director stated, they could not activate the ignition of the second-stage engine.

These problems also interfered with tilting the rocket (steering from the vertical to the horizontal). The assembly was overweight because of the presence of the first-stage engine and the second-stage propellant. Even so, according to the CTA director, the 182 parameters relating to the functioning of the vehicle were measured. The launch will not need to be repeated, so there will be no additional delays.

The CTA said that to keep the problem from occurring again, the system that separates the stages will be duplicated for upcoming launches, and quality control on this system has been increased. During last October's experiment, the Sonda-4 rose to an altitude of 325 km, rather than the planned 560 km, and fell into the sea 130 km from the coast, rather than the expected 260 km. According to Accioly, it had not been intended to recover the payload, and the rocket would only have been ordered to self-destruct if it had threatened to fall on inhabited areas.

The new timetable for the Brazilian space mission established by the CTA indicates that in light of the flow of the material and human resources presently available, the satellite launch vehicle will not be ready to launch the first Brazilian satellite until the second half of 1991. Until then, Maj Gen Accioly believes "it is an excellent idea for the satellite (which should be completed in mid-1989), to stay propped up in the warehouse." The CTA director gives no credence to the idea of purchasing a foreign rocket to launch this satellite.

Accioly believes that what is most important is not that the deadlines be met, but that the country gain full technological capacity in this sector. Prototype No. 4 of the Sonda-4 will take be launched in December 1988, according to the CTA, and No. 5 will go up on 5 September 1989. Before then, however, the mini-prototype of the SLV will be launched this coming October. All these events will take place at the base at Barreira do Inferno.

#### **Alternative Space Program Scenarios**

*33420101 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 May 88 p A-13*

[Text] The ministers of science and technology and of aeronautics, Luiz Henrique da Silveira and Gen Moreira Lima, met last week—probably on Tuesday or Wednesday—to discuss the problems associated with the timetable for the Brazilian space program. This is the first time that the two have sat down to hold a dialogue on the problems that the two ministries have encountered. The original schedule calls for the first Brazilian satellite to be launched in July 1989. But the Aeronautics Ministry has found [portion of text missing] prior to that date.

Minister da Silveira telephoned Moreira Lima on Thursday, suggested the "amicable" meeting, and obtained the assurance that "barbs" would not be exchanged because

of the fact that da Silveira had once publicly urged the purchase of the U.S. Scout launcher so that it would be possible to adhere to the timetable of the space program.

The conversation between the two ministers opens a channel of negotiation that may enable the space program to leave the political orbit so that a technical dialogue may take place. There are 4 possible scenarios to enable the space program to get off the ground: (1) the Ministry of Foreign Relations would have to negotiate the purchase of the Scout launcher with the U.S. Government, with the backing of the Aeronautics Ministry; (2) if the prospects for purchasing the American rocket are not good, the solution would be for the government to negotiate with other countries, such as France and China, that also make launchers; (3) later this year, the Aeronautics Ministry is supposed to begin transferring to Orbita Sistemas Aeroespaciais—formed from the association of Embraer (40 percent), Engesa (40 percent), Imbel (10 percent)—all the know-how it acquired during the design and manufacture of the scientific probe rockets (Sonda series) in research done at the IAE, which is a department of the CTA, so that the company may market it abroad and the Aeronautics Ministry can raise money to continue its space programs; (4) stretch out the timetable, without entering into any contacts with foreign countries.

The MCT, through INPE, is the entity responsible for building the four Brazilian satellites. The Ministry of Aeronautics was assigned to build a launch center at Alcantara in Maranhao State, and the satellite launch vehicle, SLV.

#### **Satellite Already Provoking Dissension**

33420101 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 May 88 p 13

[Text] Minister of Aeronautics Gen Moreira Lima acknowledged yesterday that there is a difference of opinion between his ministry and INPE—the National Space Research Institute—regarding the nationality of the rocket that will place the first Brazilian research satellite into orbit. "INPE is of the opinion that the rocket should be purchased overseas, and our position is that the launch vehicle must be developed in Brazil," the minister commented.

In Moreira Lima's view, the purpose of the Brazilian space mission is precisely to develop the country's own technology because "to go into leasing in this sector is not attractive." The development process, continued the minister, "is very difficult and no other country is interested in transferring technology. And those who are, like us, developing their own process, are not worried about delays." The Brazilian space program, according to the minister, has not received the support of any other country that has this technology.

#### **Air Ministry, Orbita Study Piranha Missile Development**

33420097c Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 May 88 p 2

[Text] Vale do Paraiba—The Air Ministry and Orbita—a company that includes the participation of EMBRAER and ENGESA—are studying the possibility of developing the Piranha air-to-air missile, one of the country's most important technological projects. Planned last decade, the missile is basic for the weapons system of the AMX attack jet that Italy and Brazil are building together.

According to Lt Col Tiagoda Silva Ribeiro, of the Military Systems Division of the Aerospace Technical Center (CTA), Orbita is proposing that the government invest \$37 million for the development of 30 missiles for firing, "while the Air Ministry is negotiating an appropriation of \$25 million." Despite the difference—\$12 million—everything indicates that the missile will go into serial production soon.

The officer said that the CTA—an agency of the Air Ministry—has passed on the missile technology to the DF Vasconcelos company "which, without explanation, pulled out of the project, conducted 25 firings on the ramp, that is, static firings, outside of the plane or only burning the engines." Now, to be qualified, the missile will have to be fired by the FAB Xavante or Mirage planes. In a second stage, qualifying tests would be conducted on the AMX, the fighter plane that will go into serial production in Brazil beginning next year. The colonel added that Orbita will build 30 prototypes to qualify for flight tests with moving targets.

#### **Functions**

The Piranha is a missile for use in fighter planes but it was also conceived to take care of the needs of the Army and Navy. On the ground, its version is similar to that of the U.S. Chaparral, and on the sea, to the British Thunder. According to the schedule drawn up last decade, that maritime concept would be the last to go into production owing to the difficulties to be overcome, inasmuch as the infrared viewer intended to direct the Piranha to its target based on the heat of the enemy plane's turbine is not efficient in a frontal line. That is, the target has to have its engines turned towards its "window," or at the minimum, in a lateral position.

The firing of the missile is visual since it still does not include cells for radar control. Meanwhile, it possesses a very efficient warhead when used in air combat or in interception missions. After it is fired, it pursues the target until it hits it.

### **Cost Dispute Delays Construction of Piranha Missile**

33420102c Rio de Janeiro O GLOBO in Portuguese  
28 May 88 p 20

[Text] Sao Jose dos Campos—A difference of \$12 million (1.94 billion cruzados) between proposals is preventing the signing of the contract for final development of the most sophisticated weapon ever designed in Brazil, the MAA-1 Piranha air-to-air missile. The firm of Orbita Aerospace Systems has calculated its expenditures over the next 4 years at \$37 million (5.9 billion cruzados), while the Ministry of Air feels that \$25 million (4 billion cruzados) is enough.

The signing of the contract was even announced last week by Orbita's chairman, Vito Antonio Di Gressi, who said that the firm would receive \$40 million (6.48 billion cruzados). Sources at the Ministry of Air announced yesterday that a 50-percent increase in the proposal by the Ministry of Air's Research and Development Department (DEPED), which is what Orbita wants, is unlikely. Basically, the difference lies in estimates by Orbita and the DEPED of the indirect costs involved in the final phase of the missile's development, since agreement exists on most of the items.

The decision has been made to produce 30 prototypes of the weapon for qualification tests. The missile is guided by heat sensors that track the turbines of the aircraft being targeted. The prototypes will be launched from Xavante military training aircraft and from the supersonic Mirages. Later, Orbita will sign a new contract to qualify the missile for the subsonic AMX fighter plane now being built by EMBRAER [Brazilian Aeronautics Company].

Experts at the Aerospace Technology Center have already conducted 25 launchings of the Piranha from the launch ramp at the Barreira do Inferno base in Natal in connection with aerodynamic and propellant tests. In-flight tests of the sensors and guidance system and the collection of data concerning the missile's performance will take place within 2 years, which is when Orbita expects to have the first prototype ready. The contract provides a time frame of 45 months for delivery of the first 30 prototypes.

The Piranha is a missile powered by 27 kg of solid fuel and travels at a speed close to 2,500 km per hour.

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### **AVIBRAS Produces Incendiary Warheads for Large Targets**

33420095b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 May 88 p 2

[Article by Roberto Godoy]

[Text] Brazil is routinely producing high-power incendiary charges that are used to destroy by fire large-scale

targets such as refineries, power plants, headquarters installations, or areas where troops and equipment are concentrated. The active element of this type of ammunition is white phosphorus.

AVIBRAS Aerospace of Sao Jose dos Campos, Sao Paulo State—the firm responsible for developing and manufacturing this material—carried out a practical test on Thursday of last week using warheads designed to arm the noses of its SS-30, SS-40, and SS-60 heavy rockets, which are vectors of the Astros II multicaliber mobile launcher.

The secret test was carried out at an undisclosed site and was successful: Each of the grenades dropped on the intended target covered a radius of 150 meters. A single SS-60 rocket carries 70 of these grenades, each of which weighs approximately 2.1 kg. The field tests begun 8 months ago are scheduled to be continued for an indefinite period, but the product is already considered to be operational and is being offered for sale on the world market.

White phosphorus has been employed in combat ever since its ability to generate intense light became known, in the 19th century. Conversion of the luminous "Bengal lights" into weapons is, however, a more recent achievement dating from World War II, when the first bombs to be dropped from planes were produced. During the Vietnam conflict the U.S. forces adopted the highly toxic white phosphorus (0.2 to 0.5 gram is fatal) on a large scale to incinerate Viet Cong guerrilla positions, whereupon the arsenals of the United States proceeded to turn out artillery shells, rockets, and a type of all-purpose mine.

The AVIBRAS warheads have adopted this substance in its most modern formula (equivalent to that of the British Chemical Military Institute), which is flammable at 36 degrees centigrade and is five times more powerful than the formula used in the armament of the 1970's. In terms of technology, there are four [as published] principal problems to be surmounted: stabilization of the white phosphorus, which at 44 degrees centigrade melts the load of grenades; dispersion of the subammunition; and programmed detonation. "All these stages were completed without any problems," according to the accompanying reports available at the Ordnance Department of the Ministry of the Army.

### **Fire in Action**

The target of Astros II can be a refinery situated 60 km from the launch site. It is a multicaliber system, and this fact makes it possible to use containers holding 32 SS-30 units (a single 25-kg warhead, caliber 127 mm, range 32 km; 16 SS-40 rockets (35-kg warhead consisting of a "beehive" of 25 grenades, caliber 180 mm, range 42 km); or SS-60 rockets (70 grenades, caliber 300 mm, range 70



km). Depending on the configuration, a typical battery will have seven semiautomated 6 X 6 gun carriages; four launchers; and high-speed processors.

In the hypothetical bombardment of the refinery, the choice would be the SS-60 rockets. With every volley, 16 of these rockets would take to the air with a combined payload of 2.4 tons. Even if the site is defended by antiaircraft missiles and electronically controlled rapid-fire guns and is perhaps under the protection of a transmitter to jam the guidance system of a missile, the possibility of interception would be remote: The SS-60 soars far above the limit of the action of the ground-to-air weapons and faster than sound. It is also ballistic, stabilized solely by mechanical, aerodynamic means: It is no artificial-intelligence center to be neutralized. This fact limits some kinds of use, but under ideal conditions it is ultimately an advantage.

The result is impressive. Roaring over the refinery complex, the rockets activate the angle-of-altitude sensor to open the warheads, spilling out at brief intervals a shower of 1,120 incendiary grenades covering a front of 168,000 meters: an inferno that is renewed every time the gun carriage is reloaded.

#### New Advances

The Astros II system of the AVIBRAS Aerospace company has since 1985 been the bellwether of the exports of the Brazilian defense industry. Utilized extensively by Iraq in the war against Iran (it played an essential role in the recapture of the city of Faw in April), it has also been purchased by Saudi Arabia and by two other Arab countries of the Middle East.

The project—which is the personal creation of the president of the company, engineer Joao Verdi de Carvalho Leite—was carried out beginning in 1980, when the organization submitted it to the high command of the Iraqi armed forces, whose interest in it was translated into an order for which AVIBRAS received as a “down payment” (a kind of advance payment) approximately 10 percent of the total investment required. The remainder of the investment came in part from the company's own resources and the rest from funds obtained from the nation's private banking system. The model performed successfully, and as of June of last year Astros II represented a division valued at \$1 billion.

In addition to the new incendiary subammunition, the rockets of the system can be munitioned with antitank and antipersonnel grenades. By 1990 AVIBRAS will offer its medium-range tactical vector—the SS-300, equipped with an inertial guidance system—to cover distances of around 300 km and a warhead on the order of 1 ton.

#### Factors Impeding Industrial Technological Development Assessed

81422782 Sao Paulo *REVISTA DA INDUSTRIA* in Portuguese March 88 pp 10-17, 20

[Article by Jorge Wahl]

[Text] The mood of Brazilians these days is bad, as if they had lost their ship, even though Brazil is obviously not close to going under. The tidal bore is a strong one; the competence of the crew is being discussed openly. The idea that Neptune is really Brazilian is being put in doubt; but on board the ship things are still under control. More news arrives from time to time with the wind: Capital investment fell last year, compared to 1986, to a level about 30 percent lower than at the beginning of the decade. The drop is being measured in leagues, maritime or not, since the ratio of GDP to gross fixed capital formation was around 27 percent in 1975, dropped to 21 percent in 1983 and hit 16 percent 4 years later. This is a steep dive, which, nonetheless, does not compare with that of Argentina, for example, where over more or less the same period, according to World Bank statistics, these figures fell by more than half.

But the storm is leaving its mark on Brazilian society, which sometimes seems even to doubt its own industrial competitiveness, while the media coin new expressions, such as their reference to the country's “risk of turning into scrap iron.” Meanwhile, it seems that the country is relapsing into one of the episodes of its Macunaima ethos, a reference to the national hero who was subject to mood swings varying from exaggerated optimism to unlimited pessimism. An overview of Brazilian industry does not confirm those fears, not even from a distance, even though it is clearly necessary for investments to be stepped up as soon as possible. “Brazilian industry is modern and diversified,” sums up economist Maria Helena Zockun of the Economic Department of FIESP, who cautiously adds, “still.”

The Constituent Assembly's action to increase labor costs is making many people lose sleep, and could delay—or even result in cancellation of—more than a few investments. But the truth is that at least to date we have been able to keep our head above water. Economist Rejane Janowitzer of the Center for Industrial Studies of the Getulio Vargas Foundation (FGV)—attempting to cut short any possibility of comparison between the industrial situation of Brazil and that of Argentina—explains: “Argentine industry is in a way similar to Brazilian industry of 20 years ago.” Thomas Lanz, President of the Brazilian Numeric Controls Society (SOBRACON), backs up this statement by explaining that Brazil is producing about 10 times more machine tools with numeric controls than its neighboring country. “Our petrochemical industry is about six times larger,” adds Rubens Gomes, Executive Secretary of Brazilian Association of the Brazilian Chemical Products and Derivatives Industry (ABIQUIM).



Prof Henrique Rattner, of the Economic Research Institute Foundation of Sao Paulo University (FIEP/USP), suggests that if the two countries' fates are to be linked to each other, let it be through shared research projects, rather than a shared defeatist attitude. Renowned for his work in the area of industrial policy, Rattner suggests that Brazil and Argentina could very well combine their scarce resources to make progress, for example, in the areas of biotechnology, microelectronics and advanced materials. The majority of countries and companies are now doing this, since research in the forefront of technology has become so absurdly expensive that only joint funds, as in a consortium, can begin to meet this need. To build a high-voltage nuclear accelerator, such as those in the US and USSR, European countries have chosen to combine their efforts in a laboratory dedicated to solid-state physics, in Lausanne, Switzerland. Reason: Investments exceeding \$600 million are needed.

Especially in the area of electronics, Lanz acknowledges that it is more and more difficult for a manufacturer to copy someone else's products. The result of this will be grave problems to be overcome by countries—and this is obviously the case of Brazil—whose difficulties in carrying out their own research are notorious. This is because equipment increasingly includes "dedicated" components, that is, in almost all cases, computer chips that are produced exclusively by a single large manufacturer. There is no escape: Either national firms invest more in laboratories and research, or the Special Computerization Secretariat (SEI) must become more flexible in the analysis of orders for technology acquisition and joint ventures with international capital. Brazil's chances to avoid ending up with a national industry that really has turned into scrap iron and become less competitive than it is now depend on the country's ability to find a convincing solution to this problem.

For the time being, Brazilians are barely keeping their heads above water, as if they were trying to be heroes in the midst of the storm. In the opinion of Luiz Carlos Delben Leite, chairman of the Brazilian Association of the Machinery and Equipment Industry (ABIMAQ): "A Brazilian businessman who succeeds in exporting is a hero." Delben Leite reached that conclusion by examining the long list of obstacles that a Brazilian exporter must overcome before selling abroad.

Prof Rattner emphasizes the issue of the absence of a major economy of scale. In his view, Brazil may even maintain its current degree of competitiveness, but it will be difficult for it to make progress toward a higher level unless it broadens its domestic market and in this way obtains larger production volume and cost reductions.

"Therefore, the question of an economy's greater or lesser competitiveness is also a political issue for the very reason that a nation not only needs technology but it also

needs quality products, and this is obtained only with a competent and motivated work force," Rattner believes. This also is the cause of Brazil's difficulty in making the leap to the next step up.

In view of so many difficulties, the country did not need to invent another problem, known as the "computer law," which businessmen in general, apart from the protected sector itself, of course, consider to be one of the greatest obstacles, together with the drop in investments. It can be said that a sort of national unanimity was created when it came to attributing blame to computers for Brazil's having lost, or failed to gain, ground in the area of competitiveness. And people are probably right when they speak ill of the delicate machinery stuffed into both microcomputers and minicomputers. In fact, the complaints about read-and-record heads, magnetic tape units and printer components are very frequent.

"Our delicate machinery technology is indeed a disaster," admits Wilson Lazarini, chairman of the Computer and Peripheral Users Society (SUCESU). But this, according to Lazarini, is a disaster that affects not only the computer industry but also the electrical appliances industry. In the same way, the lack of more highly evolved soldering engineering in the country brings about problems not only for one or another sector in particular, but for various branches of industry. "The country has also failed to progress much in terms of packaging technology, and as a consequence, computer equipment as well as electrical appliances come out of the box already inoperative," Lazarini believes; but many people believe that a lack of packaging is not the problem, but rather that the fault lies with the micro-computer or printer manufacturer who is unwilling to spend a little more to protect his product. Quality control leaves much to be desired. Is this the fault of the sector or of Brazilian industry in general?

SUCESU's chairman believes "we have mastered electronics engineering to a higher degree." In the area of banking automation, we have evolved to the point where Brazil today is one of the countries that has made the most progress in this area in the world. Brazilian manufacturers have modular lines that meet the needs of users from the lowest to the highest degree of complexity, with equipment that can even be operated with a lever in the event of an electrical outage. And because the Brazilian financial market has a great many kinds of transactions, to say that the equipment meets all types of demands is simply praise for the flexibility of the computer industry, Lazarini believes. But there is a threat: Despite the fact that only 20 percent of the nearly 15,000 bank branches is automated, banks have made significant cuts in their investment levels, placing at risk their financial health and, as a result, the technological updating of the manufacturers. On the other hand, Lazarini says that Brazil is also making progress in business automation, which

permits a relatively rapid widening of bar code use and acceptability of cards for cash registers. On the other hand, optical readers are imported.

Entrepreneurs in the industry now seem to have more complaints about domestic computer equipment than the final consumers. It may be said that factories, for example, are practically unable to obtain such an important tool for high precision projects as CAD/CAM. In the area of factory automation, Brazil was also unable to progress much. In the entire country, at most about 50 robots are in operation, even though there are already electronic circuits that can only be manufactured by automated lines, Lanz notes.

As the head of a technical organization, Lanz attempts to explain the status of Brazilian industry's competitiveness, stating that, whereas numeric controls have more or less come into general industrial use in the developed countries, Brazil's use of it is still practically limited to the automobile/parts, defense and aeronautics industries. By making "intelligent" the machines that employ moving shafts, such as lathes, machine tools, boring machines, milling machines and folding machines, numeric controls "are beginning to be basic tools for anyone wishing to export," which may force the computer industry to have to resolve their dilemmas quickly with SEI. Nowadays, the machining of an aircraft propeller without a machine tool that uses this type of controls is inconceivable.

With regard to programmable regulators, which are used to link or unlink machines, Lanz assures us that there is no problem of a technology gap *per se*. But since there is always some amount of lag, no one knows exactly whether the fault lies with the regulator manufacturers or the machines that utilize them. Actually, there is endless finger pointing. Apart from acknowledging blame, in the meantime, the fact is that some sectors of the industry feel the lack of more automated machinery to a greater extent than others, such as the textile, shoes, ceramics and food industries.

The textile industry is perhaps the one that is most affected by inadequate automation of machinery, despite the fact that this is not the only reason for the acknowledged aging of the sector in Brazil. Luiz Americo Medeiros, president of the General Weaving and Textile Industry Union in the state of Sao Paulo, admits that the situation in the weaving branch is critical.

Wolf Gruenberg, director-president of Rio Guahyba, agrees fully with Medeiros, explaining that the most up-to-date looms manufactured in Brazil reflect technology that was available 20 years ago. Now, 80 percent of the textile industry in the country still uses a shuttle loom of 80 to 130 revolutions per minute. But, even though there are pincer looms in Brazil that can reach up to 220 strokes per minute, elsewhere in the world the number of strokes has already reached as high as 1,500.

"In short fibers, our technology is that of the late 1970's. For long fibers, we are at least 20 years behind in the spinning machines," says Gruenberg.

In the area of carded material, sources in the sector say that the world market is already furnishing machines that run for 16 hours without interruption, except for a quick stop of 20 seconds. In Brazil, the most up-to-date thing we have stops production every 3 hours, followed by the time needed to clean out the nozzles. In the area of beaters, it is calculated that for circular machines there is a technology gap of about 2 decades, whereas practically all of the models used around the world are already computerized. Apparel is no better off. An indication that the situation is causing concern is the broad survey being performed by the National Textile Industry Board and by 23 unions to map out the sector.

The Ministry of Industry and Commerce is studying a textile sector modernization plan at an estimated cost of \$10 billion. "Except that, judging from what we could see at last year's world's fair in Paris, we might need to have \$15 billion to update the sector," states Gruenberg.

Marcio Leonardo, president of the Brazilian Association Control Processes and Industrial Automation (ABCPAI), in the meantime, passionately defends the computerization projects and computers integrated into machinery and equipment supplied to industry. He recalls that Furnace No. 3 at Usiminas, which accounts for only 10 percent of all domestic production of pig iron, is as automated as the most modern furnaces in the world, and that cannot be just by chance. This is true because, without automation, steel plants could not meet the specifications of the automobile, shipbuilding and aeronautics industries. If things are not progressing more rapidly, it is because the customers are not investing.

Another example of competence presented by Leonardo is that of the new Votorantim plant in Paraiba, which also, according to him, is as automated as the most up-to-date plants in the world.

He does not believe that the automobile industry's complaints against market reservation, which is administered by the SEI, are valid. "If the assembly plants were actually interested, the domestic suppliers would already be making it possible to include computerized dashboards and electronic ignitions in the cars destined for the domestic market," he assures us. He presents a new model of the Gurgel, or Sena, as an example of how much progress can be made in this area.

Paulo Martinez Neto, coordinator of the instrumentation and controls department of the Brazilian Association of the Electrical Appliance Industry (ABINEE), calculates that the technology gap of his sector with relation to what is happening abroad is no more than 2 or 3 years. Improvements in the domestic industry began most decidedly in 1982, when three large companies selected by SEI began to produce domestically large

control systems, though still using foreign technology in that first stage. In a second step, those and other manufacturers began to offer the market some pieces of equipment, which had already been developed in Brazil, for control of industrial processes using analog technology. Currently, Brazilian manufacturers are already producing entire systems, of both large and medium dimensions, of great utility for petrochemical, steel and electrical power plants.

"Now we are well off even in the areas of programmable regulators with digital technology," exudes Martinez Neto. But he complains that components suppliers are having a hard time keeping up with technology advances, and this forces control and instrumentation systems manufacturers to continue to depend on imports to a greater extent than is desirable, that is, close to 30 percent of the value of the equipment produced.

The producers of components acknowledge the problem in part, but then return the ball to the other court. Benjamin Funari Neto, coordinator of this department for ABINEE, admits that the price of some important components would have to be 60 percent lower for the manufacturer to be able to export. But he blames most the large amount of contraband, which results in preventing the sector from attaining more economy of scale. The instability of the domestic market also has an adverse impact. Result: Whereas in Japan close to 80 percent of the electrical appliances produced already use the Surface Molded Device (SMD), in which even small components are fastened onto special printed circuit boards, facilitating their automation, in Brazil the first steps are being taken, limited to production of automobile radios, videocassettes and some television circuits. "But we are still relatively well off with our technology, despite losing in the productive process," summarizes Funari.

If the "computer law" is an obstacle to modernization of the machinery supplied to industry, this situation is certainly not unique. Sergio Galdieri, coordinator of the industrial equipment department of ABINEE, believes Brazil is indeed undergoing an aging process, and he lays the blame in large measure on Brazil's current tendency to isolate itself from the rest of the world. The policy of reserving the market ignores, according to Galdieri, the simple fact that world trade is a two-way street, and if one direction is closed the other is obstructed or seriously hindered.

Galdieri even wonders whether it is worth the trouble to produce everything we are currently producing. "If we were able to understand the world market as a two-way street (since Brazil is a country where capital is expensive), we would then perhaps start toward a pattern of greater exchange of goods." It is of fundamental importance to have greater access to the technologies developed abroad. Domestic computers do not help, but domestic manufacturers can work better with the raw materials that give them the greatest advantage and with

everything that involves better use of the work force, as in the case of a tool maker, for example, taking advantage of comparatively lower wages.

Finally, we are still well off, but we could get better. "Our cutting and welding machines, for example, are excellent," resumes Galdieri. The country made considerable progress as well in detectors, converters and certain motors, but we still have problems with electrical installation materials. In the meantime, Brazil's output of industrial machinery and equipment generally does not compare in quantity or quality with that of Mexico or Argentina. But exports involve only 5 percent of what is produced, whereas "an industry the size of Brazil's could export as much as 20 percent of its output," notes Galdieri.

The matter of exports inevitably draws attention to the drawback topic, on which opinions differ. Galdieri believes that a company is able to import by use of the drawback only if it already has a solid foreign sales structure, which finally reduces the scope of that option. The automobile and parts industries consider drawbacks to be indispensable, especially as a means of computerizing the vehicles destined for foreign markets.

Alcides Bracher Ribas, vice president of the National Association of Automobile Vehicle Manufacturers (ANFAVEA), calls our attention to the fact that of the total amount of exports made by the assembly plants, which last year surpassed the threshold of \$2.5 billion, more than one-third are destined for developed countries, where the higher level of computerization is indispensable. "The drawback resolves this problems," Ribas believes. The best known example in the market is exportation to the United States of 70,000 Fox cars, with their computerized dashboards and the evolution of electronics involved in injection and ignition.

The progress made to date encourages us to continue to advance. "In my 25 years of experience in this sector, I have become familiar with many plants scattered all over the world, and the conclusion I have reached is that there are few countries with an automobile parts and assembly industry that can equal Brazil's," emphasizes Ribas, for whom "the question of turning into scrap iron does not exist, despite the fact that investments should be resumed with a certain amount of speed."

And even if the sector had not stopped investing, according to the director of ANFAVEA. Last month an assembly plant received two transfer presses (one 3,000-ton press and the other 2,000 tons) capable of simultaneously performing no less than six stamping operations. This type of equipment, which is one of the most up-to-date items available in the world, contributed to increasing productivity and quality levels, since it reduces parts handling. Another example of technology updating is that of the cathode painting units, which all the assembly plants possess, and which represent the



most modern corrosion-prevention means existing in the world today. In this way Brazil became the 10th largest manufacturer of vehicles in the world and the 12th largest exporter.

ANFAVEA's statistics indicate that from 1957 to the present, assembly plants have already invested in Brazil around \$3.4 billion. In the last 2 years more than \$1 billion came into Brazil. The same amount should come into the country in 1988, according to forecasts. These are investments, however, that were decided upon 4 or 5 years ago but are being made today, which means that the current timidity in investment decisions will not be noticed for some time.

The automobile parts industry also feels that it is highly competitive today, but in the same way it fears the future implications of the investment rate decline. Pedro Eberhardt, president of Sindipeças, says that the sector had

planned to invest close to \$1.2 billion between 1986 and 1988. But in 1986, industry investment reached only \$430 million, and then in 1987, investment reached only the modest sum of \$230 million. "Investment trends must be turned around, since some obsolescence is already beginning to be noticeable," Eberhardt emphasizes.

"If we are not able to return to more solid investing, we will end up by undoing 5 years' worth of work," stated the president of Sindipeças, referring to the fact that between 1982 and 1987 Brazilian exports of automobile parts took a big \$700 million leap up to \$1.6 billion. It should be added that of the total amount exported, about half is sent to the North American market, which is a sort of praise for the majority of Brazilian manufacturers. Sales abroad, which 5 years ago represented only 6 percent of the industry's sales, today has reached 13 percent. The target set in Sindipeças's meetings is to reach 30 percent in the next decade.

Brazilian Manufacturing Industry—Index of Real Physical Investments Made

	1980	1981	1982	1983	1984	1985	1986	1987(*)
General	100.0	97.2	100.6	92.1	61.0	62.1	73.8	67.7
Nonmetal mining	100.0	124.6	152.6	107.8	54.6	76.2	38.8	41.9
Metallurgy	100.0	79.6	58.2	53.8	21.9	20.5	20.9	28.4
Machinery	100.0	89.6	67.6	40.7	40.1	37.2	51.0	56.2
Electronics, communications	100.0	88.8	75.6	64.4	60.0	82.0	133.5	124.9
Transportation materials	100.0	99.9	87.3	95.3	82.2	114.2	164.2	196.6
Wood	100.0	61.6	45.2	25.0	25.4	18.6	8.1	4.0
Furniture	100.0	59.2	70.2	29.1	21.8	27.4	34.7	20.0
Cellulose, paper, cardboard	100.0	100.0	95.0	72.8	74.9	52.6	60.9	54.6
Rubber	100.0	65.2	30.4	23.8	26.2	37.5	53.4	56.3
Leather, furs	100.0	79.5	96.4	80.0	65.9	87.8	66.1	32.3
Chemicals	100.0	120.9	153.2	142.9	94.4	92.6	114.1	92.4
Drugs, veterinary products	100.0	100.0	62.6	44.6	55.8	81.3	156.6	160.9
Perfume, soap, candles	100.0	79.9	41.2	34.2	62.8	61.6	20.6	15.3
Plastic products	100.0	89.5	79.6	66.1	43.7	10.7	16.0	14.1
Textiles	100.0	55.9	39.2	32.4	30.2	54.0	85.4	53.7
Apparel, shoes, cloth	100.0	72.3	80.6	83.7	94.2	89.5	89.2	80.4
Food	100.0	86.3	80.6	86.5	68.7	79.9	100.3	79.1
Beverages	100.0	77.2	62.3	61.4	49.7	63.4	49.8	44.8
Tobacco	100.0	128.4	134.0	98.9	60.9	104.2	59.8	208.0
Printing, graphics	100.0	49.9	68.5	85.4	68.6	130.5	106.2	46.2
Miscellaneous	100.0	96.9	96.2	67.9	50.9	48.9	59.6	41.7

(\*) Forecast Source: FGV/Economic Survey4. Source: ABIMAQ

To that end, the companies need a period of calm to plan their investments over the medium and long term, and this is even more the case because these companies all over the world are highly planned. Moves and their consequences are analyzed far in advance; for example, two U.S. assembly plants this year are purchasing \$200 million worth of automobile parts that will not be used until the models expected to come out in 1990 and 1991 roll off the assembly lines.

With capital stock amounting to \$35 billion, Brazil's machinery and equipment industry, on the basis of

international standards, should be investing about \$2 to \$2.5 billion per year, but last year it did not reach beyond \$1.029 billion. On one hand, this is a small amount; but on the other hand, it is more than the sector's entrepreneurs expected, since something around \$850 million was forecast, says Delben Leite, chairman of ABIMAQ. And of the total investments made, \$700 million was for equipment and \$300 million was for installations, which certainly means that the money was used for some modernization. But this is still a small amount, and there are always technology gaps. One of the signs of this is that, since Brazil's machinery industry is the ninth largest in the world, its share of the world market is just

1.5 percent, which is entirely out of proportion to its size.

Inside the sector it is felt that Brazil is better off, especially with regard to machine tools and farming implements, as well as internal combustion engines. It is also believed that even though some areas are out of date, this mostly involves looms, large presses and machinery that depend to a greater extent on numeric controls. Amid the pros and cons, the country was able to increase its exports of machinery by 16 percent last year, up from \$1.2 billion to \$1.4 billion, which, in absolute numbers, is still a modest figure.

The machinery industry has defenders among plastics producers. Edgard Haddad, chairman of the Brazilian Association of the Flexible Plastic Packaging Industry (ABIEF), explains that "the national machinery manufacturers are able to supply equipment that, with regard to quality, is close to the highest international standards." In many cases, it is clearly the computerized controls that are not up to par. Prices sometimes can also be high: Whereas a piece of domestic machinery for cutting and sealing bags has a price that varies in the area of \$90,000, there are Korean machines that operate better and cost between \$20,000 and \$30,000.

In the meantime, Haddad believes that the 2- or 3-year technological lag in machines does not represent a very serious obstacle, because the current production scale and lower wages do not permit investment in more sophisticated machinery. "And, in sum, losing out to the Italian presses nowadays should shame no one." From all this, Haddad concludes that "Brazilian manufacturers of plastic packaging are not at the top rung of the technology ladder with those of the United States, Germany and Italy, but they are not far behind."

But the sector recognizes that it is investing less than it needs to, even though it blames the high cost of machinery, the economic situation and constraints on exports that have been created. Entrepreneurs in the industry admit that they are only investing in refining their production—on a small scale—and not in expansion. New machines can be counted on one's fingers.

Besides the cost of transport to Brazil, which especially penalizes export of products with low unit value, giving the Asiatic exporters an advantage of 5 to 6 percent on the selling price for goods located in the port of New York, domestic manufacturers of plastic packaging complain about a readjustment of 691 percent in the price of low-density polyethylene, among other thermoplastics that were heavily increased last year, when inflation was 365 percent.

As a consequence of this, Brazil provides less than 1 percent of North American consumption of plastic packaging. Last year, Brazilian exports leveled off at \$100 million, according to ABIEF statistics.

Criticized because of the recent price adjustments, the petrochemical sector reacted by asserting that only the most capitalized companies in the sector are able to come near the results that are considered to be valid at the international level, that is, liquid profit of 6 to 10 percent over sales and investment returns of 15 percent.

With three poles (Sao Paulo, Bahia and Rio Grande do Sul), the Brazilian petrochemical industry in a certain way is more advanced than the Mexican petrochemical industry, notes Ruben Gomes, executive secretary of ABIQUIM. This is aided by the fact that it is based on naphtha cracking, and not on gas, which increases the number of byproducts. Owing to the recent investments in new plants—the Rio Grande do Sul pole, which is the most recent, being created in 1982—the sector is technologically up to date, though some people are saying that, in this case as well, computers are the culprits. "In production control equipment we are 10 years behind," calculates Ernesto Ramon, the president of Dow Quimica. Finally, he recalls, only by making intense use of computers was the Japanese petrochemical industry able to continue being competitive even after the yen increased in value more than 50 percent recently. "The SEI needs to reduce the restrictions on importation of technology," Ramon argues.

The impression is that Brazil has a good chance of quickly becoming a significant exporter of polyethylene, as a result of the "Politeno e Poliolefinas" (Camacari) and "Polisul" (Copesul) projects, as well as an exporter of polypropylene, as a result of the new Braspol plant in Duque de Caxias, and the expansion of PPH in Copesul. Actually, in polyethylene, the country's situation is, to a certain degree, loose; but this is not the case for polypropylene, the production of which is already enough to satisfy demand, for example, in the packaging and film industries. In terms of volume produced, the overall picture for phenol-acetone is also relatively tight, with implications on the manufacture of resins and miscellaneous articles of the chemical industry. The country is well supplied with glycol. Not so loose is the situation in the cases of titanium dioxide and caprolactam. But where there is a lack of supply, or risk that the supply will fail, the installation of the Rio de Janeiro petrochemical pole and the expansion of the others must be addressed. It will not be due to a lack of petrochemical inputs, probably, that Brazilian industry will suffer from the disease of a lack of competitiveness. The exception is, perhaps, soda—an input for the production of aluminum, cellulose, soap, detergents and textiles—which, even with the expansion of Salgema, Brazil will need to continue importing.

Rubber seems to be a more problematical input, with an inevitable impact on manufacturing industries. Some varieties of the synthetic are produced in Brazil under protection, which, together with the tax that the government imposes to stimulate the consumption of natural rubber, increases in price by about 50 percent above international prices, estimates Percy Putz, chairman of the Brazilian Association of the Rubber Products Industry (ABIARBI).

And natural Brazilian rubber, which furnishes only one-third of the country's needs, moreover, is twice as expensive as rubber offered on the world market, adds Putz, who, in view of all this, acknowledges that "the sector is not highly considered and is unable to compete directly." Now, all around the world, rubber is usually sold at twice the price of its fearsome enemy—plastic. In the Brazilian market, the price difference is as much as 300 to 400 percent. Result: Many more plastic joints are used than rubber ones, washers in machinery don't last as long and allow water leaks, telephones slide around on tables and motorists' feet slip when they try to step on the brake pedal. And lest we fail to mention the "computer law," the entrepreneurs in the rubber industry complain of a lack of machinery with computerized controls.

Brazil also continues to show a lack of ability, moreover, in an old problem area. For decades, domestic shoe, purse and wallet manufacturers, a sector in which foreign tourists visiting the country apparently feel that we are unbeatable, complain that in order to produce the better items they must import the majority of their leather by means of a drawback arrangement from Uruguay and Argentina, since Brazilian ranchers have still failed to wake up to the economic potential represented by that part of the animal. So, according to entrepreneur Francisco dos Santos, the organizer of Couromoda, the most important leather industry fair in Brazil, the complaints continue, since nothing is being done to correct the problem. And this, moreover, did not prevent the shoe industry from obtaining the fourth largest export figures in Brazil in 1987, with receipts of \$1.1 billion, a figure 13.7 percent higher than the 1986 figure.

In terms of industrial processes—extraction, handling and transport—the Brazilian mining industry is considered to be modern and quite competitive. Manufacturers of capital goods, due to a nationalization program carried out over the last 10 years, are capable of satisfying almost half the demand for equipment and tools needed for mining operations. Engineering, according to the analysis performed by market professionals, is likewise capable of carrying out large-scale projects.

Nonetheless, there are some bottlenecks. Specialists note a lack of efficient mapping of Brazilian territory and that Brazilian geology is still closely linked to petroleum prospecting. According to the critics, the last general survey was at a scale of 1 to 250,000, as opposed to 1 to 100,000 in U.S. ground surveys. In the opinion of specialists, the lack of interest in seeking more accurate surveys and of funds for geological research outside the petroleum industry—from which indirect dividends have arisen, such as salt and potassium mines—is tied to a process of development that neglected to ensure sources of raw materials for the country.

Legislation is also highly criticized. "If there is any obstacle to modernization, it is the law," states Jose Armando de Campos, director-general of the Technical

Studies Division of Companhia Vale do Rio Doce (CVRD). According to him, because of the pricing situation, the only alternative for a country in this industry is to be in the technological vanguard or close to it. Iron, for example, suffers not only from the decline in the mineral content of mines, as with the decline in prices, which has now reached the absurd situation of being priced at Cz\$1.50 per kg, probably less than dung. Situations like this thrust mine engineering to the fore and force the industry to search out automated extraction methodologies and computerized control systems for industrial processes. The firms also feel that they are stimulated to invest because "a complete industrial processes control system is now coming out at a cost that is one-tenth of the cost of 10 years ago," says Campos.

Bernardo Litzomger, director of Mineracoes Brasileiras Reunidas (MBR), of the CAEMI group, agrees that "the current costs of mining leave us no way to escape modernization." The firm, which works with a stock of \$10 million in parts, is installing a new computerized control system for maintenance. In the Mutuca mine, a totally automated system to accompany the phases of extraction and processing is also practically complete.

With regard to handling between production and processing, Brazilian mines generally utilize conveyor or trolley belts. Conveyor belts allow greater flexibility in loading and the trolley belts are more economical—in the case of mines where access is difficult—for heavy landfill operations.

But perhaps Brazilian mining is most highly modernized in the area of transportation. In Brazil, a train can be loaded in 4 minutes and unloaded in 7, results that are among the best in the world.

13331

#### **Survey Reveals Optimism of Business Sector for 1988**

*33420097b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 May 88 p 26*

[Text] Rio—The country's 500 largest private companies expect to gross \$15.6 billion, increase their investments, increase the level of employment and maintain systems of real wage readjustments this year. Those are the main conclusions of the "Business Thermometer-2" survey conducted by the Arthur Anderson auditing company among the 500 largest national and foreign companies, both open and closed capital, the majority of them belonging to the consumer goods, trade and distribution and financial system sectors.

To arrive at those projections, the companies reported that the majority are working with inflation rates of between 551 and 600 percent, that is, below the official forecast of 600 percent, with a foreign exchange variation between 501 and 650 percent, and nominal interest rates between 551 and 700 percent. Even so, they are not



harboring great illusions about the country's economic growth, since they foresee the evolution of the Gross Domestic Product (GDP) between 1 and 1.4 percent, according to 32.7 percent of other companies polled.

In revealing the results of "Business Thermometer-2" in Rio yesterday, the president of the Arthur Andersen company, Celso Giacometti, said that the survey indicates that the business sector yearns for reduction of the state's presence in the economy because 80 percent of the country's largest private companies regard that as the certain route to reducing the negative influence of the public deficit on the good performance of the economy.

He added that the whole positive picture expected for this year is due in large part to the performance the companies will achieve in the export area, with a predicted average growth of 7.6 percent. This forecast is the direct result of all the expansion work undertaken in 1986 at the time of the establishment of the Cruzado Plan; so much so that in 1989 the situation will tend to regress due to the negative aspects recorded last year.

According to Giacometti, the businessmen believe in the government a little more, but they blame it for the larger ills of the economy, stressing along with the greater macroeconomic problems and public deficit, the high levels of inflation, the political-economic instability, the intervention of the government in the economy and the lack of definition of the rules of the game. He pointed out that in "Business Thermometer-1" in 1987, the lack of definition of the rules of the game was the biggest concern of the business community. The survey indicates that 45 percent of the companies polled expect a solution for the public deficit within 3 years.

Another factor indicated by the president of the Arthur Andersen company based on the survey among the country's 500 largest private companies, is the investment capacity, especially among those engaged more in foreign trade. In 1988, the largest investments are being made by national companies—almost 60 percent of the total—compared to a little more than 30 percent by the foreign companies. For 1989, the national companies will be increasing their share to 70 percent.

8711/9274

#### **Domestic Firms Suspend New Investments**

33420100a Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 May 88 p 38

[Article by Isabel Dias de Aguiar]

[Text] Money is "burning" the fingers of businessmen. But still very few of them are willing to go ahead with their investment projects. Their directors and financial managers must engage in a daily juggling act to employ their cash balances and keep ahead of inflation. Factors of uncertainty along with high rates of inflation are keeping most of the 1988 investment plans for the shelf.

Only firms with contracts that assure sales abroad for an extended period are investing, and only for the purpose of achieving better productivity and improving the quality of products offered in international markets. Very few think of applying resources to expand installed capacity, at least not until the economic and institutional outlook becomes clearer.

There are at least five requirements for companies to make long term investments, according to Aldo Lorenzetti, president of the Brazilian Association of the Electrical and Electronic Industry (Abinee): a hot market, prospect of profits, cheap credit, well defined and stable rules and institutional security. In his view, none of these ingredients is available to the businessman today, and he has no alternative other than to "sit on the fence." To these adverse factors is added one more: Implementation of the new industrial policy awaits its publication. Until it is published, no decision can be taken. Thus, the package of measures announced in the middle of the month and designed to stimulate investment, especially in technological development, becomes a part of the uncertainty.

The economic indicators contradict the results of a study made by the Arthur Anderson consulting firm. The study of 58 large private firms indicates that they expect to sell more and to increase their investment in productive activities this year. Now, at the end of the semester, the index of liquidity in the financial markets remains excessively high; the level of industrial employment is falling; and despite the record surpluses in the Brazilian trade balance in recent months, the level of industrial capacity utilization remains stable.

#### **Costs Versus Prices**

"Long term investment, with or without a new industrial policy, is not attractive," says Paulo Francini, vice president of the Federation of Industry of the State of Sao Paulo (FIESP). The difficulty, according to him, is not merely high inflation but the prospect of its worsening. "We have had periods of high inflation before. There was a time when Brazil was a country with inflation of 10 percent a month." The situation now is different: "We have emerged from the period of the Cruzado Plan, when there was the prospect of price stability, to reach monthly indices of more than 20 percent in 1987. The economy suffered another shock, but inflation grew again and, to the present, has shown no signs of stabilizing."

The president of the Order of Economists, Roberto Macedo, thinks that even if it is stabilized, an inflation of 20 percent a month constitutes an impediment to any long term financing. This is the case because most companies are not able to add their costs to the price of their products. Cost of living studies have shown that

only a minority, made up of monopolies, oligopolies and state enterprises, adjusts its prices by percentages equal to or greater than inflation, which acts as a depressant to productive activity.

Investments are made only in things already produced, an undesirable speculative activity. "Any financial asset is more interesting," declares Paulo Francini. Among these are gold, the dollar, commodities and even finished factories provided that their purchase price is less than their assets.

#### Paper

The paper and cellulose sector is an exception, with respect to investment. While other sectors seek exotic financing formulas, businessmen in the paper area invest heavily in their business. Investments are now under way on the order of \$1.6 billion for capacity expansion, and the National Economic and Social Development Bank (BNDES) is evaluating projects amounting to \$4 billion. The president of the National Association of Paper and Cellulose Manufacturers, Horacio Cherkassky, explains, "The international market is extremely favorable. The fall in domestic demand is permitting firms to increase their imports [as published] and to obtain good results."

This picture is not repeated, by a long shot, in sectors catering to the domestic market. Computer firms, which has succeeded in reinvesting 10 percent to 15 percent of their sales in research and new projects, have become timid in recent years. According to the president of the Brazilian Association of the Computer and Accessories Industry (Abicomp), Claudio Mammana, the investment rate is between 6 and 8 percent, which is low for the sector. In his view, the decree signed by President Sarney, aimed at stimulating technological investment, is hurt by the crisis and is unlikely to achieve its objectives.

As a consequence, firms must find creative investment alternatives. For the financial director of Acos Anhanguera, the best investment today is to pay debts and use cash balances for customers worthy of confidence, because it is the policy of businessmen to wait for the promulgation of the new Constitution, a negotiation of the foreign debt, and the first sure signs that the government has succeeded in controlling the public deficit.

12942/9274

#### IPEN Research in Production of Rare Earth Minerals Surveyed

33420093 Rio de Janeiro MANCHETE in Portuguese  
14 May 88 pp 60-67

[Article by Durval Ferreira]

[Text] Last year Brazilian physicists entered the superconductivity race, finishing in the front positions. Now they are in another scientific marathon, that of the

mastery of rare earth technologies, the minerals of the future, in which they are also in a forward position. The world race is for reaching a horizon of promises, promises which seem wild: trains that levitate, hyperfast computers, ceramics, new materials, electric power transmission lines that link continents, and the marvels of supermagnets. It is another test of minds for reaching the tape marking the end of the race, where the prizes are several billions of dollars in the future market for those new discoveries.

Superconductivity at temperatures higher than the freezing 273 degrees Kelvin at which it was first achieved, and which is now obtained at higher temperatures, more viable and cheaper due to high technology ceramics, was the superstar of discoveries last year. It would have won the majority of the Oscars, if they had existed and were distributed by the academies of sciences of the Western World, for the best work of modern physics.

It did, in fact, win the Nobel Prize in Physics in 1987, awarded for the work of Alex Miller and Bednosz in superconductivity, work which was also achieved by other technicians, including Brazilians of the USP [University of Sao Paulo]. To achieve it, those physicists practically rewrote, on the eve of the third Christian millennium in which we live [as published], what the ancient alchemists sought with zeal and obsession: the transmutation of base ordinary metals into pure noble metals such as gold and silver. The base material in the Brazilian case is monazitic sand, abundant on the beaches of Espirito Santo, from which USP physicists obtain rare earths from which they obtain new materials. The sand is processed in the modern fine chemistry equipment of today in the same manner that the old alchemists proceeded in their rude retorts, crucibles and stills. In those crude devices they melted and mixed metals and substances they called "materia plebeus," seeking the philosopher's stone, the alchemistic touch capable of making them noble. The dream was that of transforming lead into silver and copper into gold.

Valuable and strategic minerals are extracted from rare earths, with which new materials not found in nature are produced. They are minerals in the periodic table of rare earths: yttrium, cerium, praseodymium, samarium, europium, gadolinium, terbium, dysprosium, holmium, ytterbium, lutetium, lanthanum or thallium. These are sonorous names, which justify the pomp with which they are pronounced: Some are more valuable than gold.

As with superconductivity, the Brazilians did not lag behind in this new world race by the developed countries in search of rare earths and their priceless products, which are beginning to be fought over in a universal market of several billion dollars. Thanks to the Special Processes Department of the Institute for Nuclear and Energy Research, the IPEN, installed in the campus of the USP in Sao Paulo and headed by Spero Penha Morato, Ph.D., Brazil even has a good lead in that marathon of the minerals of the future. With the rare

earths obtained there, the IPEN specialists developed their own advanced and ultra-impressive technology. With it they went on to master not only the many cycles of the production of the minerals; going even further, they produced the ceramic for the superconductors, various laser crystals and the today highly coveted supermagnets for many uses.

The building of the Special Processes Department is in the restricted area of the IPEN, where there are large nuclear research installations. They occupy the highest point of the campus, surrounded by tree-lined streets and lawns. Above all, they are surrounded by a pastoral silence, broken only by the occasional hum of motors or by the chirping of birds. The bucolic nature of the area around the buildings, however, is in contrast with the bustle of scientific activities within the laboratories crammed with machinery, tangled with cables and wires, furnaces and precision electronic equipment, together with batteries of computers.

The laboratory of ionic exchange columns, under the supervision of researcher Carlos Alberto da Silva Queiroz, is one of them. It is considered the key piece in the various cycles for obtaining rare earths. In it is accomplished the separation of the mineral in several phases for obtaining oxides for superconductors and laser crystals and for the superdensity magnets mentioned before.

There are other laboratories that use other techniques for isolating rare earths. One of them is the one headed by researcher Julia Satie Morita Nobre, which uses two different systems for the same purpose. One of them uses mixers and decanters that separate, for example, zirconium from hafnium contained in already processed monazitic sand. The other uses the technique of separation by precipitation.

In either of the techniques, when the minerals are separated from the sand, they pass through other laboratory cycles until the final purification, when they turn into solutions. These solutions, kept in large carboys, if seen by a layman, would appear as "metallic liquids," something like mercury. However, it is in this stage of procedures that they are ready to go on to the pilot plant of the department, which processes the zirconium and hafnium solutions until they are once more turned into solids as rare earth minerals. However, this is only another cycle of production in series. In another stage, the mineral will be processed until it becomes an extremely purified product for other advanced processes in metallurgy, including nuclear, and for the production of special metal alloys, the compounds, light materials of great strength.

Another laboratory is considered a key piece: that of plasma spectrometry under the responsibility of chemist Luiz Carlos de Paula Reino. The analytical check of the degree of purity of the rare earth concentrates is done there.

With their hypersensitive equipment, technicians can determine the percentage of those earths in the alloys of the supermagnets and the superconductors. They are techniques used also in the process of the separation of minerals by ionic exchange and by extraction with solvents.

Little by little technologies developed at an academic level—which means at a laboratory level—are being passed on to the industrial level. Such is the case of the Zirconium Oxide Production Pilot Laboratory, a plant also developed by IPEN researchers with their own resources and know-how. It produces zirconium oxide for the ceramics sector and for nuclear fuel. It has barely been installed and it is already undergoing expansions for producing hafnium for use in compound materials.

With respect to zirconium, the process in this plant begins with zirconite mineral, which is melted to obtain sodium zirconate. This is followed by the phase of precipitation to obtain the basic zirconium sulphate. In another industrial cycle, zirconium hydroxide is produced, which after a series of drying and calcination treatments becomes zirconium oxide.

These minerals of the future, although the products of high technology, are raw materials for the nascent industry of the space era, which promises to be one of high competition. In the area of superconductors, and in the United States alone, there are 48 companies in the sector, for example. Little by little they are placing their new product from research and development laboratories into the industrial area. A large part of the markets they seek to reach now is that reserved for the supermagnets, also called superconductive magnets, for the electroelectronic, medical and space industries.

The area of supermagnets in which the American companies, leaders in the sector, will come out ahead is that of medical equipment that takes pictures by magnetic resonance. These are pieces of equipment that produce intense magnetic fields and radio waves instead of X-rays. With them it is possible to observe human tissues by means of strong and rapid magnetic fields produced by the small superconductor coil. The pictures obtained are of high contrast, in a video monitor or on plates, of incredible definition. The Albert Einstein Hospital in Sao Paulo has the only magnetic resonance picture taker in the country; it has been in use for 2 years. However, it does not have the superconductor coil like the equipment being built today.

Attracted by the enormous prospects of the supermagnets, the IPEN Department of Special Processes began working to develop their technology on the basis of rare earths such as samarium, cobalt, and, recently, for arriving at a second generation of supermagnets based on neodymium, iron and boron. The authors of the feat were Rubens Nunes de Faria Junior and Hidetoshi Takiishi, who are in charge of the laboratory specializing



in superdense magnets. These are tiny parts when compared with conventional ferrite magnets, but they are 10 times stronger. In the Brazilian case, these discoveries are destined for replacing traditional magnets in conventional motors, making them smaller and more powerful. In the rich electroelectronic industry, they will be used in all sections that use magnets, such as the generation of electricity, speakers and even for tiny devices for the deaf.

The potential of the consumer market is already beginning to appear throughout the world. Just with magnetic resonance imagery devices and supermagnets, the American companies in the field expect to make half a billion dollars in the next 2 years. The Japanese, who are also in the race, expect to sell around \$2 billion, also in 2 years, of those products.

The occupation of spaces in that market, incidentally, is another race that Brazil cannot lose now that IPEN technicians have everything prepared, ready to transfer it from the laboratory to the industrial sector. It is a modern race that resembles the Klondike gold rush, in the wake of new miners in various applications, initiated by the United States and Japan. In the cryogenic sector, which means cooling equipment, five American companies expect sales of nearly \$2.7 billion this year. In ceramics, other companies managed to close their accounts last year with an additional \$5 million and within 2 years they expect to reach \$150 million.

In scientific applications, such as that of high energy physics, another commercial sector whose exploitation was begun last year, products and equipment worth \$25 million were consumed.

Beginning at \$90 million, it should reach \$300 million. Also in this field, for example, the supercollision superconductor, a particle accelerator in the shape of a ring 85 km in diameter to be built in the United States, will cost \$1.1 billion for superconductor equipment out of a total project cost of \$4.5 billion. All that without mentioning the practical prospects of Maglev, a fast train that will travel suspended, using superconductivity technology, on a supermagnetized cushion.

In another sector of those products, to tell the truth, the Brazilians of the IPEN also took a good lead: that of the optical-electronic systems, lasers. Similarly, they had to develop all the technology of the various cycles of the systems from the monazitic sands to the laser equipment, beginning with what they call the techniques of growing crystals in special ovens for the production of monocrystal. Two researchers, Solange and Sonia, are in charge of that task, providing the monocrystals of various types and for different uses to the laser laboratory.

One of them is the pulsating neodymium laser, a final product in the area of rare earth crystals. It is an infrared laser, whose beam of light reacts when it comes in contact with dark materials. It is used in that manner in

ophthalmology, in the treatment of glaucoma. Triggered in the form of pulses, the beam goes through the retina without harming it; but it acts against the back of the eye, which is dark, for the removal of glaucoma.

Other products based on rare earths are the lasers for the area of data processing: processing of printed circuits, resistance trimming, soldering of printed circuits, telecommunications and telemetry. There are also those destined for industry for operations of cutting, marking, welding and thermal treatment. Also the result of research and development of that laboratory is the laser device with an acrylic cavity plated with gold and completely cooled by water. It is a piece of laser equipment that is simpler, more advanced and cheaper, another aspect of the advances in that sector.

Incidentally, these are incessant advances. The personnel of the Department of Special Processes of Dr Spero Penha Morato is arriving at a second generation of superconductor, a new type of pellet with a compound of bismuth, calcium, strontium, copper and oxygen. It is a variation of the pellet containing yttrium, barium, copper and oxygen at 92 degrees Kelvin—minus 181 degrees Centigrade—obtained last year by cooling with nitrogen. It is thanks to this team that Brazil occupies one of the first places at the level of research, development and products in the world race for the minerals of the future. It is a future that shows itself to be cheerful and open. Brazil, according to recent information, occupies the sixth place in the world in mineral reserves and should be one of the four largest world producers.

08908/7310

#### **Meteorological Station To Be Established in Antarctic**

33420095d Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 May 88 p A-40

[Text] Vale do Paraiba Bureau—Plans call for Brazil to establish—during its coming Antarctic expedition in the summer of 1988-89—the first international meteorological station on Elephant Island, situated at the entrance to the unstable Drake Passage, which separates South American from Antarctica. This information was provided last Friday by researcher Eugenio Neiva, 46, during the closing session of the first seminar on atmospheric and space sciences, which was held at the National Institute of Space Research (INPE) in Sao Jose dos Campos (85 km northeast of Sao Paulo). Neiva heads INPE's Center for the Application of Environmental Satellites.

According to Neiva, the Brazilian station—which will be established on Elephant Island by the INPE group—will have the important function of orienting with greater precision the ships that transverse Drake Passage, where sudden and violent storms are common. Moreover, Neiva said, the weather information collected at the station will be transmitted via satellite to the entire

world, including the foreign bases and stations in the Antarctic. He explained that this is because these data will be exclusive, inasmuch as the station is the only one in that latitude.

#### Automatic

The researcher declared that this station will be completely automatic, thereby dispensing with the need for subjecting researchers and technicians to the adverse climatic conditions at the site. The most serious obstacle to the success of the project, Neiva warned, will probably be establishing the station, because of the danger posed to navigation in the area and because of the irregular topography of Elephant Island. The station will be part of the network of the World Meteorology Organization, which according to Neiva demanded a commitment from Brazil to keep it always in operation.

Three principal recommendations in the field of meteorology emerged from the seminar; they will be sent to the Interministerial Council for Ocean Resources (CIRM), to which PROANTAR is subordinate. The first recommendation is that the collection of meteorological data at Brazil's Commander Ferraz station on King George Island—situated at the very end of the Antarctic Peninsula—be made regular and continuous. Until now this collection has been made experimentally and only in summer.

#### Survival

Neiva declared that this recommendation should be complied with, because the weather forecast for the Antarctic is used to support all the other research and because, "it is a question of survival." He explained that this is because at the very same time the skies are clear, winds of up to 200 km an hour may be forming which in association with the intense cold can freeze a human being. Moreover, he added, the data obtained would also be used in the analysis of climatic phenomena on a global scale.

Another recommendation, the researcher said, was that "greater emphasis" be placed on the training of human resources capable of performing research in the Antarctic. He said some fields of study have frequently sent trainees to the region, something which he said had unfortunately not occurred in the case of meteorology. Neiva warned that if steps are not taken toward this end, one might wind up with only a limited group working in that sector.

The researchers meeting at the INPE also decided to send to the CIRM a suggestion that groups be created to set forth in detail those types of glacial research that have not yet been carried out by our country. One of these types is paleoclimatology, which studies the climate of previous eras on the basis of the existing layers of ice. According to Neiva, although this field is clearly of interest to Brazilian scientists, it is not represented in our

country by a single specialist. He believes the training of a Brazilian scholar in this sector should be encouraged—something that would require 4 to 5 years to accomplish.

10992/9274

#### ELETROBRAS Forecasts Energy Needs Through 21st Century

33420095c Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 May 88 p 22

[Article by Rubens Rodrigues dos Santos]

[Text] If Brazil does not wish to have electric power problems in the next century, it will have to build at least 95 hydroelectric power plants by the year 2010—and the delay with respect to the projects that should have been initiated last year and this year has already been considerable. A comprehensive survey of Brazil's needs in the energy sector—together with suggestions as to what would have to be done—is contained in Plan 2010, a study made by ELETROBRAS [Brazilian Electric Power Companies, Inc.]; it is in process of publication.

The project had the participation of a team of 43 engineers, economists and business managers—professionals who seek to analyze the matter in question by examining geographical, economic and social problems. The results of the study will enable the government and private industry to formulate their plans up to the year 2010. In the opinion of engineer Mario Penna Bhering, president of ELETROBRAS, this plan "focuses on the analysis and investigation of possible scenarios for development and seeks to give special attention—in its recommendations—to those conceptual and strategic aspects that are vital to a correct orientation of the development of the electric power sector."

Brazil's exploitable hydroelectric potential is calculated at 106,705 MW—most of which is in the Northern region (the Amazon Region), with a smaller portion in the Northeast. Even if the growth rates in the Amazon Region surpass all estimates, there will still be enough power available to be transported to the Northeast and Southeast at remunerative prices. It is for this reason that ELETROBRAS has already included the construction of large hydroelectric power plants in the Amazon Region, starting in the year 2000.

ELETROBRAS' concerns with respect to the technology of construction are being resolved with completion of the Tucurui, Balbina and Samuel projects, thereby proving that Brazilian engineering is fully qualified to accomplish undertakings of this magnitude. These three hydroelectric plants are regarded as "veritable laboratories" on a natural scale for a study of construction problems. Moreover, the program envisions the multiple use of the water resources (energy, transportation, regulation of flow, irrigation, recreation, water supply and fish culture) for integrated regional development in a context involving hydroelectric power.

The ELETROBRAS study makes a complete evaluation of various energy sources, emphasizing that the reversible power plants are virtually inexhaustible sources of electric power. Great caution is expressed with regard to

nuclear energy, taking primarily into consideration the danger of accidents; the high costs; and the public opposition.

The study points out, however, that Brazil must make up the time that is already losing, because many hydroelectric power plant projects should have been started last

year and this year but were not, with the result that in the year 2010 the 95 power plants needed to meet the nation's requirements under ELETROBRAS' Plan 2010 may not be ready.

10992/9274



**Increasing Number of Nicaraguan Refugees Cause for Concern**

32480166 San Jose LA NACION in Spanish  
30 May 88 p 10A

[Summary] According to Enrique Araya, regional director of immigration, approximately 10,000 undocumented Nicaraguans have entered the country from June 1986 to May 1988 largely through border areas in the north. Araya explained that most of the entry points are in border towns in the canton of Los Chiles. Some recent arrivals work on farms but do not go through the necessary processing to receive refugee status or documents granting permission to remain in the country. Araya went on to explain that the Department of Immigration lacks the funds and manpower to seek out undocumented refugees in border areas. Since February 1988, at least 584 undocumented refugees have entered, most of them males averaging 20 years of age. According to Araya, Nicaraguans who have entered in the past

could not read or write, but many of the recent arrivals are from Managua and have received primary and secondary education. This month alone 200 individuals entered through Los Chiles, which has alarmed officials and is cause for increased attention to this problem.

**Squatters Clash With Police**

32480165 [Editorial Report] San Jose LA NACION in Spanish on 17 June 1988 reports on page 10A that eight squatter families who were living on a 2-hectare farm that belongs to the Agrarian Development Institute [IDA] threw excrement at members of the Civil Guard when asked to leave. The Civil Guard responded with tear gas. The squatters, who were armed with machetes, clubs, and Molotov cocktails, wounded two officers and set a police car on fire. According to IDA officials, the squatters own plots of land but insist on receiving IDA land to build houses. The squatters deny owning property.

**Official Version of New Law on Domestic Order**  
32480146 Havana TRABAJADORES in Spanish  
5 Apr 88 p 4

**Decree No. 141 Council of Ministers**

[Text] Whereas: Decree-Law 99 of 25 December 1987, on Personal Infractions, establishes the general procedure for punishing infractions, and in its First Final Provision has expressly authorized the Council of Ministers to define such infractions and to determine the penalties to be imposed for the commission thereof, and to regulate other necessary aspects for the enforcement of its provisions; and

Whereas: It is necessary to establish which non-felony actions or omissions shall be considered infractions of the domestic order regulations, to set forth the sanctions that shall be imposed for such violations, to designate the authorities that are to be empowered to impose them, and to provide for the resources that will be needed;

Therefore: The Executive Committee of the Council of Ministers, by virtue of the faculties conferred upon it, decrees the following:

**Infractions of Domestic Order Regulations**

**Chapter I. Infractions**

**Section 1. Public Order**

Article 1. The following actions shall be considered a violation of public order and shall be punishable with the fine and other sanctions indicated in each case:

- a) Failure to show due respect at official or public ceremonies when the National Anthem or that of a foreign country is played, or when the Cuban flag or a foreign flag is displayed, 5 pesos;
- b) Accompanying a minor under the age of 16 to a place designated exclusively for the sale of alcoholic beverages for the purpose of ingesting such beverages, with the exception of family festivities celebrated in such establishments, 5 pesos;
- c) Bathing or swimming in places where such activities are prohibited, 5 pesos;
- d) Disturbing the peace of neighbors, especially at night, through the abuse of electronic devices or other annoying and unnecessary noise, 5 pesos;
- e) Throwing objects or substances at others, 5 pesos;
- f) Disturbing the peace in multi-family dwellings or common areas as a result of differences with neighbors or other persons, 10 pesos;
- g) Setting off fireworks within city limits or in places frequented by the public, 10 pesos;

h) Mildly disturbing the peace at public events, social gatherings, parties or meetings, on mass transit vehicles, in commercial establishments, public offices, or other places where people congregate, 20 pesos;

i) Holding parties at home after 0100 hours and disturbing the neighbors without obtaining permission from the appropriate authority, 20 pesos and ending the party;

j) Dispensing alcoholic beverages for consumption on the premises to minors under the age of 16, 20 pesos;

k) Refusing to reveal one's identity or concealing one's true name or address from the authorities, their agents, or any person who must request such information as an official duty or a social obligation, 20 pesos;

l) Failure to render assistance to authorities or their agents who request such assistance, if it can be rendered without any risk of damage, in the case of crime, fire, cyclone, shipwreck, or other disaster, or to prevent a more serious problem, 20 pesos;

m) Holding public events without legal authorization, 20 pesos;

n) Physical abuse of another, as long as the resultant injuries are inconsequential and do not require medical care, 20 pesos;

o) Threats to cause harm or damage to others or their families, issued in the heat of anger or passion, 20 pesos;

p) Wearing in public and without justification the uniform, insignia, or medals of the Revolutionary Armed Forces or the Interior Ministry, 20 pesos and the confiscation of the apparel in question;

q) Participating in any kind of game of chance for profit without serving as banker, collector, or promoter, 40 pesos and the confiscation of the paraphernalia used;

r) Touching or fondling another person in a lewd manner without that person's consent, 40 pesos;

s) Offending good customs through indecent exposure, 40 pesos;

t) Lighting contrivances or pyrotechnical devices without permission from the appropriate authorities, 40 pesos and the confiscation of the devices used;

u) Being caught peering into residences through holes, shutters, skylights, or cracks, 60 pesos;

v) Firing weapons without justification and without intent to cause harm, within city limits or in places frequented by the public, 60 pesos;

w) Showing or displaying publications, prints, tape recordings, films, video tapes, or any other object of a pornographic nature, 60 pesos and the confiscation of the aforementioned objects;

x) Purchasing without prescription, or having in one's possession without justification, psychotropic stimulants, 60 pesos and the confiscation of such substances.

## Section 2. Public Safety

Article 2. The following actions shall be considered a violation of public safety regulations, and shall be punishable with the fine and other sanctions indicated in each case:

a) Allowing dogs or other pets or domesticated or tamed animals capable of causing harm or annoyance, to run loose in public areas or on urban streets or in common areas of multi-family buildings, or bringing such animals into commercial or service establishments, 5 pesos;

b) Throwing into the street or public places any rocks, rubble, water, or other substances or objects capable of causing harm or annoyance to people, 10 pesos and the removal of the thrown object or substance;

c) Having on the exterior walls or balconies of one's residence objects capable of causing harm or annoyance to passers-by, 10 pesos and the removal or secure fastening of the object in question;

d) Obstruction of sidewalks or doorways of businesses or commercial or service centers in such a manner as to impede the free transit of persons (with the exception of the temporary obstruction of doorways of commercial establishments for the purpose of delivering merchandise, provided that such delivery cannot be made anywhere else), 10 pesos and the removal of the obstruction;

e) Allowing horses or animal-drawn vehicles to run freely, posing a danger to passers-by, 20 pesos;

f) Allowing livestock to run loose on roads or in adjacent areas that would allow such livestock to gain access to the roads, 20 pesos;

g) Failure to place lights, signals, barriers or barricades in places where total or partial repairs are being made, at repair and maintenance facilities for technical networks, and other sites, 60 pesos payable by the responsible party, and the placement of the corresponding indicators;

h) Destruction, alteration, or removal of public safety devices for the prevention of floods or landslides or other threat or danger, 100 pesos and the replacement or repair of the device, or restitution;

i) Destruction, damage, or removal of safety devices intended to prevent crime, 100 pesos and replacement, repair, or restitution;

j) Storage of explosive, toxic, or poisonous substances in inappropriate or unsafe places in violation of established regulations, 100 pesos and the transfer of the substances to an appropriate place.

## Section 3. Property Regulations

Article 3. The following actions shall be considered a violation of property regulations, and shall be punishable with the fine and other sanctions indicated in each case:

a) Trespassing for the purpose of picking fruit, hunting, or fishing without due authorization from the owner, tenant, or usufructuary of the land, 5 pesos;

b) Crossing yards or fields without due authorization from the owner, tenant, or usufructuary of the land, or without taking care to avoid damage or destruction, 5 pesos;

c) Trespassing in the fenced parking lots of multi-family buildings, 5 pesos;

d) Negligence in the care of pets, domesticated animals, or livestock, resulting in damage to other people's property caused by the animal, 20 pesos and repair of damages.

## Section 4. National Economy

Article 4. The following actions shall be considered a violation of the regulations of the national economy, and shall be punishable with the fine and other sanctions indicated in each case:

a) Failure to pay for room rental or for food and beverages consumed in a restaurant, or for any other service which must be paid for upon receipt, 20 pesos and the cost of the services rendered;

b) Illegal purchase of red meat, 20 pesos and confiscation of the meat;

c) Producing, processing, reprocessing or selling goods or performing services of insignificant value for profit without the corresponding license or despite an express prohibition in legislation or regulations, 40 pesos and confiscation of the goods;

d) Purchase of goods or other objects for the purpose of reselling them for profit, provided they are of insignificant value, 40 pesos and confiscation of the goods or objects;



e) Purchase of low-cost goods that are only sold for foreign currency at a commercial establishment in Cuba, either personally or through another person, without legal authorization, 60 pesos and confiscation of the goods;

f) Possession of small amounts of foreign currencies of limited value, in violation of established legal provisions, 60 pesos and confiscation of the currency.

#### Section 5. Identification Cards and Population Registry

Article 5. The following actions shall be considered a violation of the regulations on identification cards and population registry, and shall be punishable with the fine and other sanctions indicated in each case:

a) Allowing one's identification card to deteriorate to such an extent that the validity of such document is called into question or the bearer cannot be identified, without requesting a renewal, 5 pesos and a request for renewal;

b) Failure to carry one's identification card, 5 pesos;

c) Failure to apply for an identification card for oneself or for a minor in one's custody and care, or to update the photograph, 5 pesos and submission of an application or an updated photograph, as the case may be;

d) Failure on the part of an administrative official to request the identification cards of new workers or to update the employment information on such documents, 10 pesos and the updating of the information, where applicable;

e) The primary resident of a dwelling allowing a person to reside there for more than 30 calendar days without an identification card or a minor card, as the case may be, or without registering at the Address Registry, unless such fact has been reported to the Municipal Identification Card Office, 10 pesos;

f) Reporting one's identification card as lost and subsequently using it in any transaction after it has been canceled, 10 pesos and the surrender of the canceled document;

g) Holding identification documents as a guarantee or deposit, 10 pesos and the return of the documents to their owner;

h) Failure without good cause to report a change of address within 3 working days to the new Address Registry, or failure to update one's identification card with the new address, 20 pesos and the registration or updating of the identification card, as the case may be;

i) Making undue notations or obliterating or altering any information on one's identification document, 20 pesos and applying for a duplicate.

#### Section 6. Fire Protection Regulations

Article 6. The following actions shall be considered a violation of the fire protection regulations, and shall be punishable with the fine and other sanctions indicated in each case:

a) Burning trash or building fires in fire-prone areas, 20 pesos;

b) Failure to comply with the measures ordered by a fire inspector to correct infractions, provided that the solution is within the individual's purview, 40 pesos and compliance with the measures ordered;

c) Breaking the seals on fire protection equipment, 40 pesos;

d) Dispensing or decanting flammable or combustible liquids in open containers, 40 pesos;

e) Activating a source of ignition in areas where the danger of fire or explosion is high;

f) Using or authorizing the use of equipment that is:

1. without safety devices or in poor operating condition, such that fire or explosion may ensue, 40 pesos and the placement, replacement, or repair of the devices;

2. in violation of the provisions set forth by fire protection agencies, 40 pesos;

g) Failure to install signals in areas or on equipment where the danger of fire or explosion is high, or to mark evacuation routes, 40 pesos and the installation of signals;

h) Failure to notify people of the fire prevention regulations they must follow, 60 pesos;

i) Smoking or allowing smoking in areas where combustible, flammable, or explosive substances are deposited, stored, or transferred, 60 pesos;

j) Failure on the part of the responsible official to plan the financial and material resources for the purchase of the devices, equipment, and systems necessary for fire protection, 60 pesos;

k) Ordering or authorizing the transportation of flammable or combustible liquids without obeying fire safety regulations, 60 pesos;

l) Transporting flammable or combustible liquids by any means without taking due precautions to prevent fire or explosion, 60 pesos;

m) Failure to take the necessary steps to eliminate leaks or flows of flammable or combustible liquids that pose a fire or explosion hazard, 60 pesos and the immediate adoption of the necessary measures;

n) Failure to care for or maintain adequately the equipment, devices, and substances intended for fire protection, or the use of such objects for other purposes, 60 pesos;

o) Storage of flammable or combustible liquids or materials in inappropriate or unsafe places that pose a fire hazard, 60 pesos and compliance with storage regulations;

p) Failure on the part of the responsible official to maintain order and cleanliness in locations or areas where the danger of fire or explosion is high, when such failure results in the risk that fire will spread or in the obstruction of efforts to extinguish fires or evacuate personnel, 60 pesos and the immediate restoration of order and cleanliness;

q) Violation of the provisions set forth by fire protection agencies by reopening facilities or operating equipment, machinery, or processes that have been shut down due to fire or explosion hazard, 100 pesos and immediate compliance with such provisions.

#### Section 7. Driver's License Regulations

Article 7. The following actions shall be considered a violation of the driver's license regulations, and shall be punishable with the fine indicated in each case:

a) Driving a motor vehicle without possessing the corresponding driver's license or other document authorizing the person to drive, or in violation of the established regulations for learning to drive:

1. motorcycles, including motorized bicycles, 20 pesos;  
2. automobiles that seat no more than eight passengers in addition to the driver, 40 pesos; 3. tractors driven on public roadways, 40 pesos; 4. buses or vehicles for cargo transportation, 60 pesos;

b) Allowing another person to drive a vehicle owned by oneself or in the possession, care and custody of oneself, without having determined in advance whether that person is in possession of a valid driver's license or other document authorizing him to drive, 40 pesos;

c) Using or allowing another to use a driver's license or other document authorizing him to drive that is invalid or altered, 60 pesos;

d) Giving one's driver's license or other authorization to drive to another person for his use, 60 pesos;

e) Using a driver's license or other authorization to drive that is not in one's own name, 60 pesos.

#### Section 8. Firearm License Regulations

Article 8. The following actions shall be considered a violation of the firearm license regulations, and shall be punishable with the fine and other sanctions indicated in each case:

a) Failure on the part of a license-holder to notify the Interior Ministry of:

1. A change of address within 15 calendar days of such change, 5 pesos; 2. Loss of one's firearm license within 10 days of such loss, 5 pesos;

b) Failure on the part of a person living with a license-holder to notify the Interior Ministry of such license-holder's death within 15 calendar days of the date of such death, 10 pesos;

c) Failure on the part of a license-holder to notify the Interior Ministry of his departure from the post for which the license was issued within 15 calendar days of the date when he officially left the post, 10 pesos and license revocation;

d) Failure on the part of a license-holder to carry such license on his person when he is bearing the weapon described therein, or refusal to show such license when requested by the corresponding authority or its agents, 20 pesos;

e) Carrying the weapon described in the corresponding license in a loaded condition (cartridge in the chamber) outside hunting areas, 20 pesos;

f) Failure on the part of a license-holder to take safety and protection measures with the weapon at all times to prevent any personal injury or material damage with such weapon, or to prevent the commission of criminal acts with the weapon or the loss of the weapon, 40 pesos;

g) Failure to inform the Interior Ministry of the loss of a firearm, 40 pesos.

#### Chapter II. Authorities Empowered to Impose Sanctions and Rule on Appeals

Article 9. The members of the National Revolutionary Police shall be the authorities empowered to impose the corresponding sanctions for the commission of the violations regulated in this Decree.

Any appeals that may be filed against the imposition of sanctions by the National Revolutionary Police for violations shall be ruled upon by the chief of the municipal unit of the National Revolutionary Police corresponding to the place where the violation took place.

Article 10. The following officials shall also be empowered to impose sanctions for the commission of the violations regulated in this Decree:

a) The officials of the Identification Card and Population Registry Agency in the cases set forth in Section 5 of Chapter I.

Any appeals filed against the imposition of sanctions by these officials shall be ruled upon by the chief of the municipal unit of the Identification Card and Population Registry Agency in the place where the violation took place.

b) The officials of the Physical Protection Agency of the Interior Ministry in the cases set forth in Article 2, Subparagraphs f), g), h) and i).

Any appeals filed against the imposition of sanctions by these officials shall be ruled upon by the chief of the provincial Physical Protection Agency corresponding to the place where the violation took place, or the special municipality of the Isle of Youth, and by the chief of inspectors of the National Physical Protection Agency in the case of Havana.

c) The officials of the Fire Protection Agency of the Interior Ministry in the cases set forth in Section 6 of Chapter I.

Any appeals filed against the imposition of sanctions by these officials shall be ruled upon by the chief of fire protection in the municipality corresponding to the place where the violation took place, or if there is none, by the provincial chief of fire protection.

#### Final Provisions

First: The Interior Ministry is empowered to issue such regulations as may be necessary to enforce the provisions of this Decree.

Second: Any legal provisions of equal or lower rank that contradict this Decree are repealed. This Decree shall take effect upon publication in the Official Gazette of the Republic.

Done in Havana this 24th day of the month of March, 1988, "Year 30 of the Revolution."

Fidel Castro Ruz, Chairman of the Council of Ministers;  
Jose Abrantes Fernandez, Minister of the Interior;  
Osmani Cienfuegos Gorriaran, Secretary of the Council of Ministers and of its Executive Committee

#### Changes in CDR Structure Described

##### New Responsibilities, Positions Created

32480158 Havana GRANMA in Spanish 25 Mar 88 p 2

[Article by Diana Sosa]

[Text] The approval of the new structure and responsibilities of the Committees for the Defense of the Revolution (CDR) is a giant step toward putting this mass organization in its rightful place in the struggle to deal with the problems of the community through superior political and ideological work and more combativeness and revolutionary vigilance, stated Vicente Pineda Vasallo in an interview with GRANMA. Pineda is an alternate member of the Party Central Committee and national vice coordinator of the CDR's.

Pineda explained that pursuant to an agreement signed at the 3rd CDR Congress in September 1986, a study was conducted beginning the final quarter of that year and continuing throughout last year. The study was based primarily on seeking out opinions and suggestions in the CDRs, zones, municipalities, and provinces to find out what obstacles were hindering the work that the Committees were supposed to be doing.

"We discovered that we were doing a lot of things, but our style of work really had an administrative orientation, and even the CDR assemblies had lost interest because they were devoted to activities supporting state organizations. Our structure was obsolete, concentrating the work on ensuring that these tasks were carried out rather than on solving the problems that directly affected each block."

The national vice coordinator of the CDRs indicated that the congress had agreed to orient the political and ideological work in this organization in two fundamental directions: one, increased vigilance and combativeness on a daily basis, and two, accenting prevention and education in those efforts, to modify erroneous behavior in an intelligent and constructive manner.

"To contribute to these objectives, it was agreed to modify the structure by making a substantial reduction in our leadership apparatuses at all levels and creating the position of CDR director. This post would be held by a political worker who would be in the community at all times."

"The director," added Pineda, "should have close ties with the population and be able to identify with their problems. His task will not only be to provide guidance in solving these problems, but also to participate in their solution."



Throughout the country, 695 directors will be appointed in the municipalities, and each territory will have from 1 to 27 directors, depending on its size and population density. These directors will, in practice, become a fundamental element in the cadre reserve of the CDRs.

After the 4th Meeting of the CDR National Directorate tomorrow, when the matter of the directors will be dealt with along with other issues, the next step will be to determine who in each province will be in charge of this task, and what areas each person will deal with. Later, the appointees will be presented to the CDR leadership and masses. Pineda reported that many of the directors should be in place by next April or May.

Another innovative element of the new structure is that the other professional cadres in municipalities and provinces will be directly responsible for certain zones (without supplanting the directors), especially those of greater complexity. This will enhance the role of the mass organization in these places.

A substantial change was made in the emulation system, which previously helped accentuate the efforts of the masses on minor issues. Now it will be oriented toward stimulating the best social and political behavior in the community.

"The people who meet emulation criteria in the CDRs," said Pineda, "will be those who have the appropriate attitude overall and carry out their CDR tasks, the vanguards, the cream of the crop. We propose that the pictures of these comrades be displayed on the walls, because we think the best stimulus for them will be the recognition of the community."

"Implementing a new structure and content requires intelligence and patience; we are aware that the changes to which we aspire will not take place overnight, because they in turn, in some cases, entail some changes in the way people think. Therefore it is important to seek styles of work that encourage reflection and meditation, and that enable us to guarantee and enhance the influence of the CDRs within the community."

**Agitprop Committees, Other Activities Eliminated**  
32480158 Havana TRABAJADORES in Spanish  
14 Apr 88 p 4

[Article by Iliana Hautrive]

[Text] The adjustments in the responsibilities and structure of the Committees for the Defense of the Revolution, recently approved by the Party Politburo, have sparked great interest in the population.

TRABAJADORES talked with Vicente Pineda Vasallo, national vice coordinator of the CDRs and alternate member of the Party Central Committee, about the new

concept. The objective of the adjustments is to focus efforts on the organization's basic tasks, to reinforce attention to the rank and file, and to free the population from unnecessary burdens.

"The study departs from the appeal issued by Comrade Fidel at the 3rd CDR Congress, when our organization was reborn. It is based on increased vigilance, greater combativeness, and more effective political-ideological work. Without a doubt, the supreme objective is to achieve a superior political-social attitude among all revolutionaries, in keeping with the rectification process that is going on in the country."

"It is clear to everyone," I said, "that the committees had become a bit distorted in recent years, as they devoted their energies to tasks corresponding to state organizations and took them on as their own. Now 74 tasks have been eliminated and another 104 have been modified at different levels of the organization. What are some of the ones that have a direct impact on the rank and file?"

"Our efforts must be aimed at strengthening social discipline, improving prevention and education. It doesn't do us any good, for example, to compile dozens of statistical reports that only overburden the rank-and-file executives. That's why we eliminated 115 reports that had no purpose whatsoever."

"Now the rank-and-file organization need only draft one evaluation report every 6 months, discussing the political-social problems of the block. There is no need to submit this report to anyone; it is for their own information. Based on that report, the organization draws up a plan of measures designed to solve the deficiencies."

"Here's a concrete example: Instead of drafting a numerical report on the scholastic achievement of the students on a block, what we need to do is assess which children have academic problems and seek ways of eliminating deficiencies through study sessions, reviews, and the like."

Regarding the myriad reports requested of the CDRs by various agencies that operate in the neighborhoods, Pineda said that from now on only certain ones will be authorized: The Party and the Union of Young Communists (UJC) will be able to request reports on growth processes; the State Committee for Labor and Social Security (CETSS) will be able to ask for reports on social security and youths who want to study abroad; the Justice Ministry will be allowed to request reports on criminal records and the election of lay judges; and in exceptional cases, the courts will also be authorized to request information.

"It is important," he explained, "that these reports be of a public nature. In other words, they must be revealed even to those who are being investigated. It is a basic

principle that the reports must be as objective as possible. Sometimes when this has not happened, there have been problems on the blocks."

Pineda went on to note that the agitation and propaganda commissions have been eliminated, as have the history activists, the writing of papers for contests, the tourism groups, the organization's participation in the vaccination of adults and the holding of seminars except in cases of extreme necessity.

The essence of the modified tasks is to remove the organization from those functions that are the responsibility of state agencies. The CDR should merely promote participation, cultivate attitudes, or raise awareness of certain activities, but it should not actually carry them out.

"Can you give specific examples?" I ask.

"There is the case of raw materials recycling and the Ready to Win (LPV) plans. In the first case, the idea is to encourage an effective awareness of conservation in the population and to have the CDR members turn in household waste through the established state mechanisms, which of course must be improved and expanded. It is not a matter of mobilizing people to clean up warehouses or storage areas, supplanting the responsibility of administrative entities. Nor should the CDRs be accumulating paper and cardboard at their locals, to the extent that exits are blocked.

"In the case of sports, we want to eliminate any cold and irrational target that the block is expected to achieve. On the contrary, the goal is to encourage a willingness to engage in sports or physical activity on a massive scale, in keeping with the possibilities and characteristics of each individual."

"I want to go into particular detail on emulation," I say.

"It is also undergoing modifications. We must reward those who have the best overall attitude on the block, not only in terms of the organization's tasks, but also from the social standpoint, as workers, students, in the education of children, in defense, and in the other activities of the Revolution."

The adjustment of the CDR's responsibilities has given rise to changes in its structure, for the essential purpose of providing greater and more effective attention to the rank and file.

Thus, 611 positions for cadres and 84 worker positions have been turned into director positions. The director is a CDR political worker who will be responsible for all of the work of a given number of zones and CDRs.

This study also made it possible to rationalize 100 positions, thereby saving some 200,000 pesos a year in wages.

"We believe that we are in a better position to apply new and attractive methods to stimulate greater participation by the population in the tasks of the CDR," stated the vice coordinator.

"In the coming weeks, we will hold meetings with the leaders of the zones and CDRs to explain the changes to them and to introduce the new directors. This process will culminate in June with all the CDR members on all blocks.

"This will be a new and important point of departure in the rebirth of our organization. There is no doubt that we will advance toward our objective of achieving the necessary vigilance and combativeness through effective political-ideological work, as demanded by the times," he concluded.

08926

#### **Experiment With New Moral Incentive Program Under Way**

*32480145a Havana TRABAJADORES in Spanish  
30 Mar 88 p 1*

[Article by Jose Yanes]

[Text] Over the next few days, we will hear increasing talk of the battle to be waged among 20 enterprises in Havana that have been selected to compete for the new, honorable distinction of Model of Socialist Production. This term should not be confused with the well-known status of Model Enterprise.

Given the importance this movement will have, we feel that this is a good time to discuss some of its basic elements.

If we had to sum up in a few words the meaning of this movement, we would say that it represents an attempt to promote ideas with man as the focus of attention and activity, rather than relying exclusively on mechanisms. This concept is rooted in the most profound of the guidelines and proposals Fidel has been advancing in the past years, which have taken shape so beautifully in the Minibrigade Movement and the Blas Roca Contingent.

Ideas will be promoted, but this does not mean, for example, that wages will be regarded as the only form of stimulus (this should not be interpreted as an assertion that this important category will be overlooked forever). Rather, the underlying concept is that man is also motivated by the righteousness of ideas, not just material interest.

In this regard, the goal is, to cite another example, for the trade union associated with these enterprises (and when we say the trade union we are also referring to management and the remaining organizations) to go beyond

formal labor schemes and to apply new, streamlined methods to take into consideration the concerns and interests of the workers at this time.

The objective is to find methods that motivate the production assemblies; methods that make it possible to understand and discuss costs as a fundamental element for measuring efficiency, as Che always advocated; methods that place accounting and resource control at the center of attention, since they are vital tools for the boards of directors to use in their analysis of that efficiency of production so that they can make their own decisions and achieve success in the management of their enterprises.

From these points of view, this movement is not and can never be an emulation; it is and will be a new concept of labor, a new step forward in the process of rectification and self-examination that we are undergoing with a view to eliminating outmoded ideas and old problems that are dragging us down.

For this very reason, it is a movement without targets, a serious, serene movement. There will be no races to see how many enterprises can achieve results in a year. The objective is to attain efficiency, and we insist that there will be no haste; the movement will initially be limited to just these 20 enterprises. There will be no mass efforts or waves of excitement that militate against the quality of the process.

The movement that is being shaped may even make contributions to the methods for building socialism. And a task of this magnitude requires serenity and surefootedness.

These enterprises will have their emulation, but it will also be a different emulation. It will not be collective, but rather separate for each person, adapted to the realities and differences that characterize each individual, like a tailor-made suit.

This new emulation will take into account quality in workmanship above all, more than quantity or mere fulfillment of the plan, as has been done until now.

This movement appeals to workers' sense of pride and dignity, to their will, to their urgent desire to build a better and better society.

No one expects these enterprises to achieve such profound objectives even in a year. For the time being, it is hoped that the enterprises will know what they want to do by the time they meet with Fidel in June.

From then on, conclusions will be reached about what should be done in each enterprise, through a plan containing specific measures.

The movement of the 20 enterprises that aspire to be Models of Socialist Production encompasses many more ideas and innovative concepts, but we are out of space. Suffice it to say that there will be a lot of talk about this movement, which is undoubtedly opening up new channels for our enterprise management.

08926

#### **1987 Citrus Exports up 6 Percent**

32480157c Havana TRABAJADORES in Spanish  
18 Apr 88 p 2

[Text] Jaguey Grande, 17 April (AIN)—The National Citrus Growing Plenum gave special recognition to the Camilo Cienfuegos enterprise on the Isle of Youth and the Victoria de Giron enterprise in this municipality of Matanzas, for their decisive contributions to the production of citrus in the past year.

A report presented by Florentino Lemus, director of the Union of Citrus Enterprises of the Agriculture Ministry, emphasized that in 1987 that branch of the economy exceeded its plan for sales to the state by 4 percent, having delivered 34,500 tons of fruit. This represented a growth of 14 percent over the previous year.

More than half of this total came from the two enterprises mentioned above; Victoria de Giron delivered 323,000 tons, and Camilo Cienfuegos accounted for 149,400 tons.

The rest of national production, 411,900 tons, came from the other 10 agricultural enterprises, the non-specialized enterprises, and the peasant sector. The latter delivered 92,900 tons, 93 percent of its commitment.

All of the citrus enterprises in the country exceeded their respective programs, with the exception of La Sola, in Camaguey. It carried out half its plan, and its total was less than it had been the previous 2 years because of the drought and its failure to irrigate as many hectares as planned.

Of all the citrus delivered in the past year, oranges accounted for 495,000 tons, grapefruit 284,000 tons, Mandarin oranges 24,800 tons, and lemons and limes 75,000 tons.

The yield climbed to 8.1 tons per hectare, compared to 7.4 tons in 1987. But this figure is far below the 11.5 tons per hectare that the Cuban citrus sector hopes to achieve in the next 3 years.

The best results obtained in this regard were on the Isle of Youth, with 13.4 tons per hectare; the lowest yield was on the enterprises in Pinar del Rio and Vilorio in Guantanamo.



Deliveries for export were 6 percent over the plan, while those intended for industry achieved only 90 percent of the plan. Citrus for national consumption exceeded [number illegible] percent of the plan.

The report analyzed the failure to meet the plan for planting in 1987, and emphasized the policy of not promoting new planting without guaranteed irrigation. This had been a negative factor in previous years.

Luis Simeon Salinas, general secretary of the Agriculture-Livestock and Forestry Trade Union, called for a greater effort to boost the yields of citrus orchards, and recommended that the student forces that work in this sector participate in future plenums.

08926

**Initial Sales of TV Sets Restricted to CTC**  
32480157b Havana TRABAJADORES in Spanish  
23 Apr 88 p 12

[Article by Ivette Villaescusa]

[Text] About 4,000 color television sets will be distributed beginning next May by the system of the Central Organization of Cuban Trade Unions (CTC) Plan in Havana, the Isle of Youth, and Santiago de Cuba.

This was reported at a press conference given by Minister of Domestic Trade Manuel Vila Sosa and the vice ministers of the sector. They explained that the first sales will begin at priority workplaces around the country.

As the 40,000 [as published] sets scheduled to arrive this year come into the country, they will be made available in Havana, Villa Clara, Cienfuegos, Camaguey and Holguin, and then in the remaining provinces. It was explained, however, that television broadcasting is not in color in all parts of the country, so the sales will be limited by that technical impediment.

This is the case in small areas of national territory, but officials are working on solving the problem.

In order to obtain a TV set, one must have a good labor, social, and worker defense record for the past 5 years.

This does not mean that the sets will not be sold on the parallel market in the future. But during this first stage, they will be distributed through workplaces.

The price of a television set is 900 pesos, and sales will be made on credit with a 25-percent down payment. If people wish to purchase a TV set for cash, however, they may do so.

In addition to the 900 pesos, 66 pesos will be charged for the transportation of the TV, the sale and installation of the antenna, a test to make sure the equipment is operating, and a short lesson from the mechanic.

The interest rate for those who buy on credit will be 7.5 percent, and the warranty is the same as for a black and white television.

For several months, officials have been striving to meet personal and material needs, and to provide good service. Six hundred mechanics have been trained nationally, and 65 transportation devices have been delivered.

08926

**Living Conditions Improving in Moa**  
32480159 Havana JUVENTUD REBELDE in Spanish  
8 Apr 88 p 9

[Article by Juana Amaya Gonzalez]

[Text] You're going to work in Moa, Omar Rodriguez was told in 1984 as he was about to complete his civil engineering studies in the Soviet Union. Although he was from Holguin, he knew this mining city only by reputation, and it wasn't exactly the best: a lot of dust, more work, and little recreation.

Nor were there women. A weekly humor magazine, PALANTE, carried a cartoon depicting a group of construction workers in Moa staring at a woman as if she were an extraterrestrial being.

Once he arrived in this industrial city, he learned that the situation had been exaggerated. At least by the time he got there, women's presence was felt everywhere, and he shared duties with several female comrades in the construction of the CAME-I nickel plant where he was assigned. One of these women, a slender lass from Santiago, bewitched him.

After a courtship of a few months, Omar and Josefina Marquez, also a civil engineer, were married. They lived separately in their respective dormitories while courting and even for a while after their wedding. Later they moved to a double room, but they shared an apartment with other comrades. Now, finally, they have their own home, where they live with their small son.

Like Omar and Josefina, dozens of professionals who came to Moa to participate in the mining-metallurgical development of the region have found love there. Efforts are being made to provide increasingly better living conditions for them.

For childless couples, double rooms have been set up in minibrigade buildings, where there are libraries, game rooms, and other amenities. Although they can cook in their rooms, many prefer to go to the dining hall.

Families with children have priority for obtaining apartments. The goal is for all professional couples to have their own homes in the near future; officials are working on that now.

Single professionals also receive special attention. The majority live in rooms for one or two people, in apartments where there are single beds with spring mattresses, television sets and refrigerators, among other facilities.

In a tour of this industrial city, a JUVENTUD REBELDE team visited a few of these technicians and gathered their opinions. Most said they are happy here. Their only complaints revolve around a matter that was discussed in a previous article: It is very difficult to buy groceries at the supermarkets because of the long lines.

Moa boasts one of the largest nickel deposits in the world, and thousands of men from all over the country work to mine and process this mineral. Some of them have settled here permanently, but about 15,000 have families elsewhere and live in dormitories here.

To meet the needs of these workers, a service enterprise was founded in 1986. The only one of its kind in the country, this enterprise is responsible primarily for supervising and supplying the dormitories and dining halls.

"One of our most recent accomplishments was the implementation of the optional system in the dining halls," explained Miriam Santamarina, a woman in her twenties who is a manager of that entity.

"We are also striving to make all of the dining rooms model facilities, and to have the dormitories classified as villas. But for the present that is not possible; some of these facilities have no paint, and they are equipped with iron bunkbeds rather than single beds with spring mattresses, which are some of the requirements. All of the dormitories have cleaning personnel assigned to them."

Despite the efforts that are being made in this center to guarantee the best living conditions, there is still a lot to be done. The workers have concerns that must be acted upon.

At the future CAME-1 nickel plant, some youths complain that the method of serving food in the dining halls is inadequate; they must form huge lines, and are therefore prevented from reaching their afternoon classes on time.

They claim this problem could be solved if all four cafeteria lines were opened, instead of just one or two at a time.

Gerardo Reve, a Guantanamo native who has been staying in Moa for 7 years, remarked that this difficulty has been brought up several times, as has the difference in prices for the same food at the various work camps.

"When the food is good, with chicken or pork, there is only enough to feed the first to arrive. The rest have to make do with something else," said another Guantanamo native. He also lamented that the bathrooms don't drain properly, sometimes water is in short supply, and the cleaning personnel are often absent.

"There are some camps, like ours, where up to 12 people sleep in one room, while others have only three or four to a room, with single beds and spring mattresses. We have to sleep on bunks."

It is only natural that these young people want better living conditions, especially considering that they work alongside others who enjoy more benefits in this regard. It is likely that the differences in the dormitories will change, however, because the objective of the service enterprise is for all the dormitories to be classified as villas. What we don't understand is why it hasn't yet solved the problem of serving food in the dining halls, if the current method is interfering with an important task of these workers, their schooling.

Nor is it fair that they should pay more for the same food than others, or that the best food be given only to the first to arrive. All these concerns should be dealt with as soon as possible, because they foster resentment.

Given the physical exertion these workers engage in on their arduous jobs, we feel that they should be given an adequate diet. Although there are limited resources, other experiences can be adapted here. One of them could be the establishment of chicken and pig farms for self-consumption, which would ensure a steady supply of meat to all the camps.

The state has allocated huge amounts of resources to give the workers in Moa what they need and deserve; the problem lies in distributing these resources more rationally and equitably. These workers are aware of this situation, and have expressed their determination to remain on the job until the smokestacks of this nickel plant begin to smoke.

08926

### 1987 Pricing Violations

32480157a Havana TRABAJADORES in Spanish  
19 Apr 88 p 1

[Article by Jose Yanes]

[Text] In 1987 a total of 957 inspections were conducted in enterprises throughout the country. In these inspections, excess charges amounting to 12 million pesos and undercharges amounting to 2 million pesos were discovered, reported Angel Perez, director of inspections of the State Committee for Prices, at a press conference.

In addition, the enterprises marketed goods that did not have official prices, or, what amounts to the same thing, they marked them with whatever price suited them, to the tune of 47 million pesos.

In the 957 enterprises inspected, violations totaling 62 million pesos were discovered.

These violations have an adverse impact on the efficient management of the enterprise, and therefore on the national economy as well.

When enterprises overcharge, they receive excess financing that may actually conceal management inefficiencies, in that the enterprises have a monetary backing that they do not deserve.

The enterprises that pay too much, on the other hand, are artificially affecting their costs, and they may have a fictitious inefficiency because of the excess charges they pay.

Finally, those that charge too little for their products are in the same category as those that pay too much.

For all of these reasons, our enterprise managers must be more alert and pay attention to these important problems, because management is no game.

For all of these violations, the State Committee for Prices paid the State Budget 47 million pesos that the enterprises earned unfairly in 1987. That money must go to the state so that it can meet its huge expenses, such as public health and education.

08926

### **Lax Management, Absenteeism at Paper Mill Described**

32480145b Havana TRABAJADORES in Spanish  
1 Apr 88 p 3

[Article by Rebeca Antunez]

[Text] Those stories about the operation of the Panchito Gomez Toro white paper mill in Jatibonico were so unbelievable from all standpoints that I can only credit them now that I have heard them from the mouths of the plant workers themselves.

I am certain that anyone would be startled to learn that at this industrial plant, even though part of its production is committed to the international market, between 80 and 90 workers were allowed to arrive late to work every day; that absenteeism exceeded 4.6 percent; and that men used to sneak in mattresses so that they could sleep behind panels on the swing and graveyard shifts, while the paper machine ran on its own as best it could.

That's how things were, until the management was finally replaced, as were some cadres in the political and mass organizations.

Afterwards, things began to straighten out slowly, as it is impossible to make progress overnight after rooting out problems.

To determine whether or not the Panchito Gomez Toro plant had actually righted the wrongs, I visited that plant for several days. For this year, it intends to fulfill its production plan for national consumption as well as its commitments abroad.

The first day of my stay I participated in a management meeting that was unusual in that it was held right down in the machine shop and loading docks.

It was explained to me that it was customary to hold such meetings in the places that were still plagued with serious problems and that required priority action.

The first item on the agenda was a discussion of the work program in the area, which called for repairs to the bathrooms, painting the shop, installing a good sink, and putting in external lighting, among other measures.

Roberto Leyva, administrator of the area, stated that a traveling derrick had to be installed quickly because it was very dangerous for the workers to raise and lower the heavy equipment by hand.

The Party representative, Rolando Gonzalez, expressed the urgent need for a roofed area for repairing large equipment that would not fit in the shop.

After a specific list of problems was drawn up, commitments were made. The Chemical-Mining-Energy Trade Union plays an important role in these commitments, especially in that of making life in the shop very different in late March than it is today.

The innumerable discipline problems among the workers on Shift D on the paper machine of the factory in Sancti Spiritus make this group the worst.

When I arrived in the area I could see how the men on the paper rolling machine fooled around, ignoring the equipment that was running behind their backs.

A short distance away, an operator was reading a humor magazine, while a loading dock worker was chatting amiably with a laboratory employee.

Suddenly a group of young university students broke in, distracting the attention of another worker to get him to pack some booklets for them.



The results of this attitude can be seen in the plan fulfillment figures. In January they made 3,824 tons of paper, 94 percent of the projected total. We should acknowledge that this figure is quite high, in spite of everything.

To be sure, the main problem lies in quality. They produced 114 tons that did not meet the established quality standards, and the most defects showed up in the paper rolling machine.

It is obvious that the administrative leadership is inefficient here, and there is also doubt about the action of the political and mass organizations, which have been unable to carry out their true role and make these workers respond adequately to the present circumstances of the Panchito Gomez Toro plant.

The notebook production plan, intended primarily for university students, has been increased to 2 million units this year.

The proposed figure met with disagreement from the beginning among the workers, because there is no clear guarantee of the supplies necessary to manufacture this item.

According to the workers, irrefutable evidence of this assertion is the imminent shut-down due to the lack of covers and of the special wire that is used to bind the spiral notebooks.

Another problem voiced by them is the unfamiliarity with the operation of the booklet machine that arrived in this country without documentation. This problem has not yet been fully solved.

Although the collective disagreed with the quotas for this year, it is working hard to meet them. It is fighting off any defeatist attitudes, but it has still not abandoned the objective position that led it to reject this annual plan.

The Chemical-Mining-Energy Trade Union has done a good job in this respect, in that it has not allowed any discouragement. It maintains a strong collective emulation program that can yield positive results.

The economic recovery of the Panchito Gomez Toro White Paper Complex is real, even though it failed to fulfill its production plan last year.

The new administrative leadership made a wise decision to focus its initial efforts on halting the accelerated deterioration of the plant, from the standpoint of both technical elements and labor discipline, as well as labor-management relations and many other factors. It is these factors that can help an ordinary plant surpass mere compliance with the plan and reach economic viability.

It was smart of them to devote a good part of their time, after uprooting the underlying problems, to an intensive political and ideological effort to eliminate concepts and behaviors that were very uncharacteristic of a socialist industrial plant.

Ideas that may now seem unrealistic but at one time were part of daily life cannot be wiped out of people's minds overnight.

When the old managers, cloaked in the mantle of "good guys," allowed late arrivals or—worse yet—when they themselves committed these violations or authorized hundreds of people to be absent from work for the silliest reasons, they were dealing a mortal blow to discipline.

For this reason, it was impossible to just come in and do away with all of that without arousing a lot of resentment, which would have been caused anyway by a large number of discharges among the workers.

So we think it was logical to choose 1988 as the right year to begin the recuperation of production, discipline, and morale in the collective.

The process of stabilization, which is complex and even painful for many because it involves firm adherence to labor and technological discipline, is now getting under way at a rapid pace and with careful attention to details.

It is important for everyone there to be aware that there are still disciplinary problems, but now they know exactly where these problems are and how to attack them. That is a step forward, because before no one even thought these actions were anything negative.

As for emulation, I think it is possible to take better advantage of the enthusiasm and freshness that the hundreds of youths working on every shift in this plant can impart to the work.

The experience of the Chemical-Mining-Energy Trade Union must be very useful for moral stimulation. The innovative method of sending letters of congratulation to outstanding workers, to be read at home to the family, at the Committee for the Defense of the Revolution, or at their children's school, could yield good results.

The real difficulties with supplies of raw materials and basic components may be the only reason for failing to fulfill the production plans this time.

This possibility cannot be overlooked, but the political and mass organizations must work hard to avoid pessimism, which could destroy the obvious progress that has been made in a place where just a short time ago they had to start from less than zero.

08926

**Reportage on Proposed IMF Program**

32480141a Santo Domingo LISTIN DIARIO in  
Spanish 6 May 88 p 1D

[Article by economic editor Jose Romero]

[Text] The International Monetary Fund has urged the government to adopt a series of measures which would not necessarily involve increases in the prices of popular consumer goods, with the single exception of an increase in the cost of gasoline to 6 pesos per gallon to subsidize flour and the energy rate itself.

According to sources which claim to be knowledgeable, what the IMF really wants is for the government to reduce the amount of the consolidated public sector deficit in relation to the gross domestic product from the 5 percent figure in 1987 to 2.5 percent. But it wants this 2.5 percent to be financed exclusively by foreign resources, and not in any case by financing either from the Central Bank or from the Reserves Bank or from new taxes. This is because, on the other hand, the IMF believes that the tax burden is proper and should not be further increased.

The allowed deficit might be larger, provided it is covered by resources obtained from current savings or a reduction in central government expenditures. This suggests that the resulting sum would be zero or neutral in the event, for example, that there is a deficit with an equal quantity financed out of the legitimate savings of the government itself.

According to IMF figures, the estimated consolidated public sector debt in relation to the gross domestic product is about 800 million Dominican pesos, with the gross domestic product including the peso debt which the government has not yet paid.

The Central Bank, however, has another method of calculation, which would reduce this sum to about 640 million Dominican pesos, but this figure would not include the debt.

A middle path would suggest that if the government must use legitimate resources obtained from current savings (reduction of expenditures), it would have to reduce its public investment program, a point which is a focus of public discussion. However, the IMF has recognized that the central government has made a great disciplinary effort to reduce current expenditures, but it says that the same is not the case with the autonomous and decentralized sector.

The strategy the IMF has recommended for the country in its reports to the Central Bank and the internal studies done in Washington calls for increasing the electrical rate as a condition for a loan from the World Bank (with which it is affiliated). But the Dominican government is not in agreement, saying that to increase the rate (as President Joaquin Balaguer has already sensibly

explained) at a time when the CDE is providing very poor, almost nonexistent, service, would mean creating serious social and political pressures. And it remains to be seen if the World Bank would accept this.

Setting aside the higher rate for electricity, the increase to 6 pesos per gallon of gasoline with a view to augmenting the proceeds from the oil differential so that the government can subsidize foodstuffs selectively, as well as the deficit enterprises, including the CDE itself, remains pending.

The IMF is not opposed to subsidies, nor was it during the preceding government, since it allowed the INESPRE to continue with its programs in this connection. However, paying for the subsidy out of legitimate sources would force the government to reduce its investment expenditures, at high cost, just as occurred during the administration of President Salvador Jorge Blanco.

The point on which the IMF is adamant concerns subsidies for imported items, such as gasoline, because it is senseless to attempt to adjust the price of a product over which one has no control, as is the case if a person driving a luxury automobile pays the same for gasoline as the driver of a public vehicle.

As the Fund sees it, it is indeed necessary to allow subsidies for the poorer classes, and no one else. And, as another absolute condition, the government must clearly identify the source from which the resources for these subsidies will come.

An agreement with the Fund would produce a substantial advantage, since it would allow the country to reschedule the sums due and overdue on all of its debts, including 100 percent of that to the Club of Paris (if it agrees to the grace period of 6 to 7 years it has granted other countries, and it is certain that it will approve it). In this connection, the country could postpone the payment of approximately \$900 million, which would provide very great relief under the current circumstances.

But the conditions include a ceiling on the international reserve level at the end of the year, allowing a 10-percent increase over the preceding year for all of the consecutive years the agreement is in effect. However, to achieve this, it would be necessary to obtain greater foreign resources, which could also be achieved in connection with an agreement with the Fund, because these resources could begin to flow as soon as various loans currently in suspension are signed.

At the present time, no commercial bank wants to provide the country with dollars because of this failure to reach agreement with the IMF.

On another technical point, the IMF wants to reimpose ceilings on variables such as the increase in the net domestic assets of the banking system, credit to the public and private sectors, and the net international reserves position. All of these things entail curbing credit.

In general terms, these are the main aspects of what the IMF wants, according to reports obtained from knowledgeable sources.

5157

**Majluta Attacks IMF Provisions Adopted by Government**

32480141b Santo Domingo LISTIN DIARIO in Spanish 16 May 88 pp 1, 20

[Article by Tulio Navarrete]

[Text] Attorney Jacobo Majluta said yesterday that the recent measures adopted by the government were suggested by the International Monetary Fund (IMF) with a view to reducing the size of the economy in order to create surplus capital to pay the foreign debt.

In the opinion of this former president of the republic and leader of one of the factions in the Dominican Revolutionary Party (PRD), liquidity is practically "at the zero level."

Majluta believes that the government measures are "typical of the IMF" and will lead to a "still greater reduction in credit." This will do harm "mainly to the small and average businessmen, because in one way or another, big business manages to find credit."

He said that these measures will not resolve, but will aggravate the situation which is already "serious in terms of the national economy."

Majluta voiced these thoughts in some statements he made in the settlement of San Luis in the National District yesterday during an exhaustive tour of PRD Zone Z. Copies of his statements were distributed last night by his press office.

Majluta, who returned on Saturday night from the United States, where he visited a number of cities, declined to discuss the penalty imposed by the Supreme Court of Justice, since he had not been fully informed of the content of the ruling.

In connection with former president Salvador Jorge Blanco, Majluta reiterated his criticisms, saying that all Dominican citizens recognize that this administration was "the worst in the modern history of the country."

However, Majluta urged the former president to return to the country in order to answer to the courts for what he did.

In Majluta's view, both Jorge Blanco and Balaguer destroyed the peso.

Concerning the former president, he said that when he took office, the national currency was quoted at 1.40 pesos to the dollar, which he brought down to 3.80, although it was later stabilized at 3 pesos to the dollar.

He noted, however, that this reduction in the dollar rate was achieved at the cost of a "painful program of adjustments" with the IMF, which brought "much more poverty and unemployment" to the country.

With regard to Balaguer, Majluta, a forceful critic of the president's economic policy, said that he took office with the peso quoted at 3 to the dollar, which he brought down to "nothing less than 6 to 1." And he asked: "Who knows whether it might not end up at 8 or 10 to the dollar?"

He explained that in his view, this situation is due to the fact that Balaguer pursued a policy similar to that of Jorge Blanco. "Therefore, Jorge Blanco and Balaguer, between them, have destroyed the Dominican peso."

Majluta urged that all citizens resist the onslaughts resulting from the negative policy the government is pursuing in the economic sector, and challenge it in the 1990 elections, "ousting this government from power by means of the vote."

Before making his statements to journalists, Majluta delivered a spontaneous talk to his supporters in Zone Z in which he urged that the doors of the PRD be open to all those who want to join the organization, without regard to their ideological background, in order to ensure a vigorous party which can win an electoral triumph in 1990.

5157

**Banking Association Supports Government Monetary Policy**

32480141c Santo Domingo LISTIN DIARIO in Spanish 26 May 88 p 1D

[Text] The board of directors of the Commercial Banking Association of the Dominican Republic regards the measures recently adopted by the Monetary Council as positive.

After examining an assessment of them by the Technical Committee, that body expressed the view that these measures "will tend to impose greater discipline and organization on the country's financial system."



In making this position public, Pedro A. Rodriguez, the president of the association, said that the commercial banks support these provisions because they believe that they are "designed to regularize the distortions which exist in the economy, and more particularly, in the financial sector."

He said, however, that although the provisions are oriented in the proper direction, they would more speedily achieve their goals if the authorities would see to the standardization of exchange rates, so that the Central Bank could increase the influx of dollars obtained from exports and other sources.

He also expressed the view that the package of measures establishing ceilings for interest rates, in order to adapt the means of payment to the real needs of the economy, could also be supplemented by the signing of agreements with international bodies to ensure a positive flow of foreign exchange into the Dominican economy.

He said he believes this complex of measures will contribute to ensuring an effective process of rational distribution in the normative scheme which governs the various intermediaries in the financial sector.

He confirmed that the Commercial Banking Association totally supports the monetary authorities and their recent measures, in the belief that the sector needs better organization and discipline, which he said is a goal shared by the association and the Central Bank.

Rodriguez said that the commercial banks have been submitting a series of suggestions, contained in various studies, to the Central Bank authorities since the end of 1986. Their purpose has been to achieve a healthy and fair financial balance for the country, with emphasis on the need to reach agreements with international organizations and to standardize currency exchange rates.

Concerning the issuance of Emergency Share Certificates in the amount of 300 million Dominican pesos, he said that an official communication from the Central Bank is expected, and that on this basis, it will be possible to make a proper assessment of the proposal.

**President Accepts FUTH, CODEH Note  
Protesting Murders, Disappearances**

32480160d Tegucigalpa *EL HERALDO* in Spanish  
10 May 88 p 4

[Text] Representatives of popular organizations visited the government mansion yesterday to deliver to President Jose Azcona Hoyo a note expressing their concern over the escalation of violence that has been seen in this country and demanding an investigation into several crimes that have shaken Honduran society.

The leaders of the United Federation of Honduran Workers (FUTH), the Committee for the Defense of Human Rights in Honduras (CODEH), and the Popular Organizations Coordinating Committee (CCOP) were accompanied by the mother of student Roger Gonzales, who disappeared last 19 April.

The note, delivered to an aide of President Azcona, states that 2 years ago labor leader Cristobal Perez was assassinated, "and the appropriate authorities have neither thoroughly investigated the incident nor punished either the abettors or the perpetrators of the crime with the full weight of the law."

"We feel that there is a sector in the Armed Forces that is fomenting violence and that subscribes to and practices the idea that political crimes are a means of resolving supposed ideological differences," states the message.

It accuses that sector of the Armed Forces of trying to make the people believe that the murder of Professors Miguel Angel Pavon and Moises Landaverde last 14 January in San Pedro Sula was not a political assassination but a common crime.

The popular leaders also express their shock at the visits that U.S. Government officials have been paying to President Azcona and the chief of the Armed Forces, Gen Humberto Regalado Hernandez.

"These American officials enter and leave through the false door of the government mansion, and the results of these meetings behind closed doors have drastic consequences for the Republic," states the letter.

Later on, the signatories of the note complain about the prison terms to which 15 youths were sentenced for protesting the violation of the Constitution last 7 April.

**Tax Law To Raise Price of Foods, Household Articles**

32480160b San Pedro Sula *TIEMPO* in Spanish  
10 Jun 88 p 15

[Text] Tegucigalpa—A total of 460 tariff items have been selected by strategists at the Finance Ministry for boosting taxes. It has been said that these will be "selective excise taxes," but the items to which they will be applied include bananas, avocados, and toilet paper.

Judging by the list that was leaked to the media, the tax package with which the government intends to close the gap between the revenues and outlays of the bureaucratic apparatus will deal a harsh blow to the economy of Honduran households.

Although the introduction to the list states that the taxes go along with what official sources have said about "selective excise taxes," a review of the items involved reveals that basic consumer goods that can never be regarded as "luxury items," as President Azcona recently called them, are being taxed.

The list begins with a 5-percent tax on horses, and continues with cheeses at 10 percent. In the middle of the first page of tariff items appear "dates, bananas, pineapples, avocados, guayabas, and coconuts," among others, with an increase of 20 percent.

Then come margarine, sardines, fine pastries, beverages, beers, rum, whiskey, wines, and champagne, all at 20 percent. Cracklings will be subject to a 10-percent tax, as will pitches for shoe manufacturing, pine insecticides, plastic bags, and household goods such as garbage cans, buckets, food boxes, bathtubs, soaps, and toothpastes.

The 10-percent tax will also be levied on tires, mattresses, upholstered chairs, correspondence items, writing paper, toilet paper, and postcards.

Then comes a long list of fabric for men's and women's clothing, umbrellas, and glass items.

Also listed are construction materials such as bricks, paving stones and floor tiles, all to be taxed at 10 percent. Next come sewing needles and crochet needles, 5 percent; and machetes, files, corn grinders, spoons, dry batteries, and radios and televisions at 20 percent.

Altogether there are 460 tariff items, some of which contain sub-lists. After the revision, they will be subject to the tariff that recently went into effect, the percentage called for under Decree 59, and the new "selective excise tax."

### **National Congress President Supports Proposed Tax Law**

32480160c San Pedro Sula *TIEMPO* in Spanish  
10 Jun 88 p 14

[Text] Tegucigalpa—The president of the National Congress, Carlos Orbin Montoya, stated yesterday that with the revision of the import duties on luxury items, the government is attempting to make an economic adjustment amounting to 50 million lempiras. The objective is for Honduras to obtain new international financing and thus bring in more foreign exchange.

According to Montoya, the government has "bungled" the effort to improve tax collections, because "it is not a question of new taxes; the people will not be saddled with new taxes. Rather, we are revising the current taxes so that we can raise revenue more effectively."

As for the Nationalist deputies' opposition to increased taxes, Carlos Montoya stated that this is the first reaction any opposition politician has to the government, and that "they want to manipulate an economic reality in an irresponsible manner without considering the consequences."

The president of the National Congress cited the example of some businessmen who do not report all their earnings on their income tax statements. The same is true of professionals, so there is an imputed rent. "If I live in a palace and drive luxury cars, and then I declare to the government that I earn only 2,000 lempiras a month, that is incredible; there is an imputed rent associated with the status and lifestyle of each person in paying the cost of living in a democratic Honduras," he added.

In his own case, he said that he has paid his income taxes "more or less. It is not easy, but we try to obey the law, because we must set an example, given that I am president of a branch of government and a politician."

He indicated that the government does not propose to raise the sales tax by 7 percent, but wants to impose selective taxes of 10 and 20 percent on imports, and to eliminate Decree 59, which levies those same percentages on luxury goods.

"It boils down to transferring this tax in a much more selective way to luxury items, but nothing that is a vital consumer item, such as gasoline, gas, cooking oil, or basic grains. We're talking about jewelry, some silk ties, luxury automobiles, private planes, yachts, helicopters," he added.

"What we want to do is make an economic adjustment so that we can get our projects passed, and once they are approved, the financing will come in and the Central Bank will begin receiving foreign exchange," he stressed.

He pointed out that some Honduran businessmen are "nursing" their dollars in Miami instead of investing them in Honduras, even though the government has favored the private sector by passing a number of investment laws.

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### **Price Increases of Basic Products Threaten Families**

32480160a Tegucigalpa *EL HERALDO* in Spanish  
12 May 88 p 2

[Article by Mario Calix]

[Text] In the past 2 weeks, prices of various goods have surged out of control in the main cities of the country. Some of these prices fall under the purview of the Decree 91 Commission, and some do not.

Some worker organizations are even discussing the possibility of mass protest demonstrations against the sudden jump in the prices of basic goods, and they have accused the economic authorities of "inefficiency" in handling the situation.

### **Family Basket Out of Date**

According to consultations and research conducted yesterday by this newspaper, the family basket maintained by the Central Bank, which determines the level of inflation, is obsolete. It is far behind the actual trends in the country.

The family basket compiled by the Central Bank contains 189 products whose values are determined through surveys conducted in the principal cities. An average is calculated from the results, but it is out of step with the realities of the market.

To begin with, the basket includes products that are no longer available on the national market (Torti-Ya, Quaker Oatmeal, for example). It contains others that are regarded as luxury items (breakfast at a hotel, stereo equipment, men's bicycles, jellies, mayonnaise, gravies, shirts, and underwear) and are therefore no longer purchased because contraband items are cheaper.

This list, say the officials consulted, should undergo some drastic modifications because it does not include goods that are considered basic. Other items, such as drugs, should be added to the list, they explained.

In this area, Domestic Trade controls the prices of 10,000 products, while the Public Health Ministry's basic national list of medications contains only 300 products. The aforementioned official family basket, on the other hand, lists 12 items, and they are not generic (Benzetacil, Benadryl, Chock Bugs Bunny, Caladryl, plain Maalox, and Flagyl, among others).



The list of products in the family basket that is drawn up periodically by the Central Bank's Department of Economic Studies makes it possible to calculate the country's inflation rate, but it is not in that institution's best interest to raise the rate (even if that does not reflect reality) because it is on that basis that pay raises are approved for its own employees, under the collective bargaining agreement with the union. The Central Bank never mentions, for example, that a container of creole beans currently sells for 8 lempiras in capital markets.

### Emergency Operation

The Office of Domestic Trade controls the prices of more than 60 products under Decree 91, which has been in effect since the early 1970s. In the last 2 weeks, however, prices have skyrocketed, even those for goods not subject to controls. Merchants and industrialists cite the fact that profit margins are not acceptable for their operations.

Yesterday Domestic Trade officials sent more than 50 employees out into the streets to conduct inspections in various businesses (wholesale, middlemen, and retail) and to "punish" those who violated official price controls.

Milton Antunez, director of this entity by law, stated that "drastic action will be taken against speculators," because it has been established that there is no shortage of some foods, including beef and pork. According to data compiled by the Metropolitan Meat Processor (PROMDECA), consumption has increased but supplies are at normal levels. In February 4,756 cattle were slaughtered, 5,142 in March; this means that the price hike has been caused by "coyotes."

The official explained that beef and pork are not subject to price controls, but the possibility of including them on the list is under study.

He noted that this week the San Pedro enterprise PRO-NORSA was fined because it raised the price of a pound of chicken from 1.60 lempiras to 1.65 lempiras without permission. The fine was 5,000 lempiras, he reported, and the business must return the amount of the illegal charges to the businesses involved.

The items subject to Domestic Trade price controls range from greases and lubricants to medicines, fertilizers, ingredients for processing concentrates, and construction materials. It is felt, however, that at this point the list should be expanded to provide better protection to consumers.

Some inspectors pointed out that they do what they can, but since there are so few of them, it is virtually impossible for them to control so many speculators. Moreover, the people do not report the hefty price hikes they see being implemented overnight.

### New Tariff Blamed

The new tariff that has been in effect since last January is leading to automatic price increases for a variety of goods, because importers are paying more for the raw materials they import, thanks to trends on the international market, and this plus the tariff increase is all passed on to the final consumer. There is no control whatsoever over these costs, stated the officials we consulted.

As for the products subject to price controls, there have been more than 1,200 applications for price increases for medicines, for example, motivated by the 1 percent of CIF values included in the new tariff. This represents an additional 1 million lempiras that national consumers will have to pay at pharmacies and drug stores.

The new tariff marked a drastic change from the previous one, the Central American Uniform Tariff Nomenclature (NAUCA), and was sent to the National Congress because the other countries of the region were already applying similar tariffs and standardization was needed.

To give some idea of what is happening on the import front, it was explained that for oats imported under the NAUCA tariff, importers paid 10 percent at the CIF value and 1 centavo per gross kilo. With the new tariff, the same product is imported for 10 percent above the CIF value and no weight charge, just the tariff value.

For other products, however, such as tars, the importer used to pay 10 percent above the CIF value (the cost of the product at the warehouse) plus 40 centavos per gross kilo. Now he pays only 50 percent above the CIF value. Meanwhile, batteries that used to be imported for 10 percent above CIF value plus 15 centavos per kilo are now imported at 25 percent of CIF value under the new tariff.

Machetes, which are subject to price controls, used to require the payment of 10 percent above CIF value for import, without any weight charge. Now, importers must pay 30 percent of the value plus the increase in the price of iron that has taken place in supplying countries, it was reported.

Merchants, seeing their operating costs rise and their profits fall, are unilaterally raising prices at the expense of the final consumer; it's that simple.

Plastic bags, for example, have gone up in price three times in the last 10 months because of increases in the prices of the raw material on the international market, according to importers. Domestic Trade is looking into the possibility of including them on the control lists, however, because their price is causing various anomalies in the costs of other goods.

### Threats

If the government does not take emergency action to deal with the crisis of the last few days, it will have to face pressure from workers in a variety of sectors in the form of mass demonstrations, according to an announcement made yesterday by Andres Victor Artiles, secretary of the Confederation of Honduran Workers (CTH).

The labor leader feels that the Decree 91 Commission has been rendered useless, even though the decree itself has not been repealed. "This is because the Economy Ministry is so incompetent that it cannot enable the Commission to do its job properly," he said.

Businessmen and merchants "are not interested in price controls, because some claim they violate the principle of free enterprise. We workers, in contrast, are interested in the Decree 91 Commission, but we only have one vote on it. The other members are government employees. Because of our numerical disadvantage, therefore, we have been unable to exert pressure to crack down on middlemen or 'coyotes,'" explained the leader.

Artiles said that the Decree 91 Commission must be revamped, giving greater participation to workers and consumers (especially housewives, the ones who really know all about the constant rise in the prices of basic goods). The Economy Ministry should help in the creation of a consumer association to "serve as a weapon against the voracity of those who traffic with the misery of the Honduran people."

"If steps are not taken to curb inflationary growth," he announced, "we workers will mobilize to exert pressure for wage hikes to keep pace with the rising cost of living, and we will call for a review of policies to determine whether prices on the international market have really risen. In this way, we will prevent costs from being inflated at the discretion of importers."

Artiles contends that Honduras cannot afford to open the "floodgates of commercial excess to the detriment of the popular economy," in view of widespread unemployment and a shrinking money supply.

### Businessmen Deceived

Businessmen, on the other hand, argue that they were deceived when the new tariff was approved, because the document was not the one they discussed with deputies.

The secretary of the Honduran Private Enterprise Council (COHEO), Joaquin Luna Mejia, claims that the original tariff that was supported involved eliminating all export duty exemptions, including those applied to businessmen themselves, cattlemen, charity organizations, and others. It also called for the gradual elimination of surcharges.

Smuggling has aggravated this whole situation, added the business leader. Indeed, some businessmen are no longer interested in investing, because they can bring in the products they want illegally at lower cost.

Furthermore, he emphasized that the prices of the Central Bank's family basket "are not realistic," because the production levels of subsidized products such as basic grains are not taken into consideration.

He added that Honduran agricultural production has also fallen off for two reasons, one natural and the other induced—that is, pure laziness on the part of Hondurans. In addition, the damage that the agrarian reform process has caused to the agricultural investor has destroyed dozens of agricultural production centers to distribute land to idle peasants who do not make it produce anything.

According to Luna Mejia, the government must define the policies that should prevail in each area of the Honduran productive sector. For example, the irrigation systems of Comayagua are half abandoned, and only 30 percent of their capacity is being used.

In spite of everything, he said that although the climate is propitious for a devaluation of the national currency, this situation can still be overcome if measures are taken such as cutting public spending, generating productive and not political employment, and reviewing the new tariff so that it will include the actions recommended by the private business sector.

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**Text of Manley Policy Statement Made in London**  
32980172 Kingston *THE SUNDAY GLEANER* in  
English 22 May 88 pp 8A, 30A

[Article by Michael Manley]

[Text] Some glimpses of the political philosophy of the People's National Party are contained in an address given by party leader Mr Michael Manley in London last Wednesday. Addressing a luncheon hosted by the Royal Commonwealth Society, he spoke as follows:

Any discussion of a major political category proceeds best where terms are defined and prejudices confessed. The subject of Democracy in the Caribbean presents no serious difficulty in either of these respects except, perhaps, for the definition of democracy itself. By upbringing, cultural influence and personal conviction, I am committed to the democratic system and wish no other for myself. By circumstance I am of the Caribbean.

For the purposes of this discussion, I will define the Caribbean as consisting of the chain of islands that begin with Cuba to the north-west and end with Trinidad & Tobago to the south-east. However, I will ask you to consider the islands in the context of the mainland nations which surround the Caribbean Sea beginning with the intimidatingly powerful United States through embattled Panama and ending with oil-exporting Venezuela.

The area may be said to consist of 23 islands and 7 mainland territories beginning with Mexico and ending with Venezuela. To this must be added Guyana although it is not strictly Caribbean. Of these all save Puerto Rico, Martinique, Guadeloupe, Curacao, Aruba, Bonaire, St Marteen, Montserrat, together with the British and U.S. Virgin Islands are independent nations. Of the nations all save Cuba, Haiti, Honduras and Panama have western-type democracies.

Personal preferences are easily confessed while geographical regions are not that hard to identify. Political definitions are more difficult. However, I will speak of democracy as implying systems of political organisations in which governments are peacefully chosen by an adult population and subject to removal by similar means. In other words, I will be speaking of democracy in its generally accepted sense as it has evolved through centuries of practice and experience in Western Europe, North America and, more recently, as it is evolving in Latin America, the Caribbean, India, parts of Africa, South-east Asia and the Pacific.

#### Cornerstones

Strict adherence to the Rule of Law, freedom from arbitrary arrest and respect for private property are the traditional cornerstones of the system. Equally important, though sometimes harder to define, are concepts like the right to dissent and respect for minorities.

Finally, the discussions will involve the distinction between democracy as a system which enables people to make periodic choices; and the question of continuing access to decision-making at all relevant levels.

In the end all genuinely democratic systems flourish because the people as a whole enter into a general covenant of self-restraint. And it is precisely because collective self-restraint cannot be enacted by law but must flow from a shared sense of history that democracy is a difficult system to establish and an easy one to destroy.

Clearly where social groups have a long, common history in which they have interacted, even violently at times, they have a better chance to develop a shared commonsense of their situation in which they accept concepts like "the common good" as including their own prospects. On the other hand, where groups have been brought together by force and in unequal relations they are less likely to accept political structures as likely to accommodate their interests. Hence, while we deeply regret the tensions which lead to the current agony of Sri Lanka or the latent confrontation between the Sikhs and the Indian Government, one must understand the historical forces that are at work.

In this, the situation of the English-speaking Caribbean is significant. Looked at from superficial historical perspectives, one might be tempted to assume that the Caribbean islands would be among the least likely prospects for democracy. Their genesis lay in the womb of colonial economics and its needs. Expatriate owners of plantations imported expatriate slaves and later indentured labour to create populations whose major common inheritance lay in their external origin.

#### Good Prospects

The plantation system ensured that the relationship between the privileged minorities and the mass was entirely exploitative and often brutal. The nature of colonial economics made it unlikely that even spectacular increases in national production would accommodate the needs of the poorest in any expanding prosperity. Meantime, the structure of plantation society precluded the possibility of social mobility.

Yet, the Caribbean represents one of the best prospects for the entrenchment and survival of democracy in the developing world. It is proper that we should understand that fact and invest it with the appreciation that it deserves. Certainly, it is to be hoped that the powerful, industrial democracies will bear in mind that this phenomenon deserves to be supported and can benefit from cooperation.

At the same time, even while we celebrate our good fortune to live in democracies, it is imperative that those of us who are its beneficiaries should be alert to the perils



which can overwhelm us and be on guard against those more insidious dangers which can undermine processes which we now take for granted.

Democracy in the English-speaking Caribbean dates, in a formal sense, to 1962 when Jamaica and Trinidad & Tobago became independent nations. The model adopted by both, and since followed by the other islands, was exclusively British. This transmission of British values through colonialism is further reflected in the decision of every island together with mainland Guyana and Belize to maintain membership in the Commonwealth. Equally significant has been the fact that all these territories attained their independence after the initial upheavals of the late 1930s and the early '40s with no subsequent bloodshed, little violence and through steady constitutional advances negotiated between each territory and the colonial power.

Critics of Caribbean social structure are quick to point out that this process blunted the prospects for revolutionary change leaving elite social structures firmly in place after the transfer of political authority from the centre to the periphery. The point is valid as far as it goes but ignores the central reality that the transfer of power was negotiated by local representatives freely elected by Universal Adult Suffrage and obviously commanding the overwhelming support of the local populations.

#### Real Advances

Furthermore, despite the imperfections, the new political arrangements provided significant benefits. Political institutions for the first time were forced to respond to popular interests albeit spasmodically. And the advances were real; health services improved, educational opportunity was extended and social welfare services were strengthened.

At this moment of history, political processes in the developing countries are now undergoing severe strains with problems becoming more and more acute as economic circumstances have worsened. Nevertheless, the English-speaking Caribbean, upon whose experience this discussion rests, continues to enjoy an excellent chance to make the democratic forms which it has chosen a permanent feature of its social organisation. In spite of its polyglot origins, its elitist social structures and extensive poverty, there is, against all superficial logic, a sense of sharing a common identity and a collective destiny.

Even the wrenching economic difficulties of the 1970s and '80s have failed to destroy a prevailing mood of faith: specifically, faith in the institutions of democracy; and more generally, faith which sustains a basic optimism about the future. Clearly up to the present time, these Caribbean territories continue to reflect that collective commonsense which precedes and underpinnings a general acceptance of democracy. And it is precisely

because this residual commonsense has remained positive despite poverty, hardship, unyielding social structures, economic inadequacy together with the frustrations that result from all of these, that one is forced to take an optimistic view.

It is conceded, grudgingly in the case of certain critics and asserted enthusiastically by the protagonists of the system, like myself, that the Caribbean people by cultural predilection and conscious choice accept the democratic way as the preferred option. However, it is important that we do not take our political forms for granted.

#### Five Criteria

One of the best known American political theorists, Robert Dahl, in discussing the dilemmas of pluralist democracy lists five criteria for the ideal democratic process. In particular, Dahl was seeking criteria by which we can distinguish between the forms and the reality of democracy. These are:

1. Equality in voting: the ability of the citizens to collectively constitute the demos.
2. Effective participation: throughout the process of collective decision-making, including the stage of putting matters on the agenda, each citizen ought to have adequate and equal opportunities for expressing his/her preferences as to the final outcome.
3. Enlighten understanding: in the time permitted by the need for a decision, each citizen ought to have adequate and equal opportunities for arriving at his/her considered judgement as to the most desirable outcome.
4. Final control over the agenda of policy.
5. Inclusion of all citizens in the above 1-4

The five criteria involve both participatory and direct forms of democracy.

Dahl's analysis is concerned primarily with plural democracy as a decision-making process. It provides a useful framework for assessing the strengths and weaknesses of the Caribbean political experience and, accordingly, the prospects for the survival of democracy itself. Furthermore, there is another category of experience which carries profound implications for the viability of chosen political forms. This is to be found in the ability of societies to expand economic capacity and to share to an acceptable extent the benefits of economic growth.

#### Dangers

The dangers facing Caribbean democracy may be summarised as follows: As a system resting upon consent, democracy is most secure where living standards rise. Where they do not, the system may still survive if people

feel that they have access to decision-making and influence over Dahl's "agenda of policy". During the last decade, the Caribbean people have endured an absolute decline in their standards of living. The social strains implicit in this experience have been exacerbated by the fact that the decline in standards has been restricted to the middle classes, the workers and the smaller farmers emphasising the gaps which have historically separated the classes. Furthermore, economic crisis has tended to reverse efforts to attain greater national control over local economies, increasing the sense of powerlessness.

With the material underpinning of the political process undergoing protracted stress, it becomes necessary to examine the nature of typical Caribbean democracy in the light of Dahl's criteria.

The English-speaking territories all begin with the Westminster model of Parliament. Almost without exception political activity has resolved itself into the two-party system; and all have reflected a strong tendency to clientelism. This last has reflected a comparative absence of ideological content along with superficial organisations operating in a context of scarce benefits available to the majority of the people. In this situation the first of Dahl's criteria concerning the opportunity to vote may be satisfied. However, the other criteria dealing with access to the decision-making process and enlightenment scarcely apply.

Caribbean political parties have existed primarily as machines for mobilising votes and distributing benefits. To the extent that policies are formulated, they tend to reflect the assumptions and needs of the elite as modified by the workings of a vague social conscience directed towards the presumed needs of the masses. Since the system tends to deny participation, it must, of necessity, preclude mobilisation. There are, of course, notable exceptions.

#### **Challenge Defeated**

The People's National Party of Jamaica attempted in the 1970s to put ideology on the national agenda. It essayed serious political education amongst its own cadres and made attempts at national mobilisation round themes of self-reliance and economic self-determination. Quite apart from mistakes in implementation and excesses of rhetoric, the reaction of the elite and of the other major political organisation was both instructive and fierce. Considerable resources both internal and external were brought to bear to defeat a perceived threat to the established social order and its traditional political super-structure. Much social and some economic change was achieved but in the end the challenge was first contained and later defeated in the election of 1980.

Despite that apparent rejection of a more participatory approach, the implications of a democratic political system which limits participation to a vote every five years or so and which treats Parliament as a rubber stamp for the decisions of a Cabinet cannot be ignored indefinitely.

#### **Caught in a Trap**

Caribbean territories are caught in a geo-political trap. With many island nations consisting of population of 100,000 or less, they face immense obstacles in the path of development. Tiny markets and fragile resource bases make internal capital formation extremely difficult. At the same time, proximity to the pervasive material culture of the mighty economic organism to the north determines levels of expectation which bear no relation to economic capacity. In the attempt to play "catch up" with North American lifestyles, Caribbean territories seek external capital at any price. The capital that comes has no necessary attachment to either the fate or the aspirations of the host countries or any obligation to fit into patterns of national development. The result is increasing external domination of economies along with widening gaps between the haves and have nots.

If there is to be any hope of an escape from the cycle of underdevelopment, Caribbean territories must develop the capacity for strategic national planning. This must be based on mobilisation of such capital as exists around the tasks of agricultural and other forms of development which exploit local resources. In this context, foreign capital remains important, indeed vital, but as an adjunct to national development rather than its only engine. For such a strategy to work, two factors must be brought to bear, one important and the other indispensable.

National development based upon local capital formation has a far better chance of success if economic planning proceeds in a regional as well as a national context. All the territories acting in concert provide a combined market of over five million for the English-speaking territories alone. Similarly, the resource base is not only expanded but diversified. Economies of scale can be brought to bear. Consequently, the strengthening of institutions such as the Caribbean Community and the active pursuit of the economic integration process become the important matrix within which economic development must be pursued. However, if this is to be seriously attempted, the political system must be capable of developing a popular appreciation of reality and an awareness of the kinds of national effort and even sacrifice which must accompany genuine national planning.

At one end of the scale, expectations must be pruned loose from the unreal values that are conveyed by the deceptive images of the all-pervasive soap operas of television and radio. At the other end of the scale, the means has to be found to break the crippling dependence syndrome which was the most tragic legacy of colonialism and the true precursor of political clientelism. In short, the political system must be less concerned with who controls Parliament and more concerned with all those things which are conducive to a work ethic directed towards increasingly self-reliant communities and societies at large.

This can only begin with a process to study within political parties supported by appropriate efforts in the educational system. There is a sense in which the Caribbean needs less skill in political advertising and voter mobilisation and more understanding of social history and the process of national economic development. We need to be more concerned with sound nutrition flowing from the mobilisation of our farmers in programmes aimed at basic self-sufficiency in food; and less hysterical in our determination to see the shelves of the supermarkets filled with the latest variant of a cornflake. If we do not address these problems, the political processes in which we take appropriate pride can become increasingly sterile. And it is this deepening of the participatory elements to prove indispensable. We must act to ensure that we never reach the point where our institutions can no longer sustain faith and the mood of optimism which is at once the best guarantee of democracy and its finest product.

Quite apart from economic hardship, immediate dangers to the existing forms of Caribbean democracy exist. For example, where political activity is primarily concerned with power and the distribution of benefit, it is only one remove from corruption.

The parties themselves must become arenas for discussion at every organisational level. At the same time, popular participation in the system other than voting is critical. Caribbean political systems must develop mechanisms for the expansion of this popular participation. The continual survival of the system depends on access to the agenda. This is where the size of the Caribbean can be turned to its advantage. Nations of 100,000 or 2 million persons can easily develop new types of bodies like Community Councils. For the Caribbean, the development of these Councils would represent an institutional break with aspects of political clientelism and its child—political tribalism.

Marcos of the Philippines began as a populist with vague nationalist overtones, proceeded to become the author and beneficiary of an elaborate system of clientelism and eventually went into ignominious exile as a minor tyrant with a history of major corruption. Duvalier of Haiti and Somoza of Nicaragua differed from Marcos only in the extent and the cruelty of the tyrannies which they supervised.

Popular participation can serve as a bulwark against practices which corrupt the system even as it develops more enlightened and self-confident electorates.

Right at this moment Caribbean democracy faces an even more overt threat in the shape of the vast structure of international corporate crime which controls and directs drug trafficking in all its forms. The ruthlessness of the drug barons together with the resources at their command represent a threat capable of corrupting institutions and perverting justice. If the battle against this new form of crime is not won, it alone has the capacity to undermine institutions to the extent where democracy becomes a sham. But with few exceptions, political parties, even where the leadership is committed to fight drug trafficking, are ill-equipped to do so. Fighting the drug barons may end with interdiction but it has to begin with mobilisation of the people themselves. Indeed, it may be that the very extent of the drug threat may force Caribbean democracy to deepen its processes of communication and participation as the only means to save the democracies themselves. Should this prove to be the case, one must hope that the lessons to be learned in implementing answers to Dahl's five criteria will not be lost, withering on the vine of a one-shot crisis overcome.



**Peasant Leaders Differ on Alliance Efforts**  
32480163 Mexico City EL DIA in Spanish  
25-26 May 88

[Article by Heliodoro Cardenas Garza; for related reporting see JPRS REPORT: LATIN AMERICA of 10 May 1988 (JPRS-LAM-017) p 48 and 27 May 1988 (JPRS-LAM-019) p 28]

[25 May 88 p 7]

[Text] Several central organizations, including the CNC [National Peasant Confederation], the CAM [Mexican Agrarian Confederation] and the UGOCM [General Union of Workers and Peasants of Mexico], have commented on the possibility of creating a peasant organization that will bring together the various central organizations to struggle for the defense of rural interests. The above three said that a unifying instrument of struggle needed to be created. Others, such as the CIOAC [Independent Central Organization of Agricultural Workers and Peasants] and the UNTA [National Union of Agricultural Workers], came out in favor of a single central organization, while the CCI [Independent Peasants Central Organization] asserted that this would not work.

Although attempts to form alliances among the peasant unions were made in previous years (the Ocampo Pact during Luis Echeverria Alvarez' tenure and the National Peasant Alliance at the close of Jose Lopez-Portillo's 6-year term), new prospects have not taken shape and are not on the horizon at this point, as can be gathered from the interviews that EL DIA conducted with the leaders of the main peasant organizations.

The CNC, the CCI, the CAM and the UGOCM, the four affiliates of the Institutional Revolutionary Party, are the ones that have made the unsuccessful attempts at the Pact and the Alliance.

Although these organizations belong to the same party, the CNC's organizational secretary, Manuel Fuentes Bove remarked, each has its own history and has charted its own paths, which does not mean that there is no communication between them.

**Would Be Beneficial, But No Indications So Far**

Unifying the central organizations or forming an organization like the Labor Congress is a longstanding desire of the peasant groups, a concern that underlies several organizations, stated the secretary general of the CNC, Hector Hugo Olivares Ventura.

He said that the aim of organizations such as the one that he heads and others like the CCI is to present a joint front that "will strengthen all of us in defending the demands of peasant growers."

He stated that if our country wants to move forward at a firmer and quicker pace, all of its social components "must have common objectives," and the peasant sector is aware that dialogue is the way to settle the differences that exist between the various segments of society.

He reiterated that creating a Peasant Congress would be beneficial and that the CNC has been open to such a possibility. It would not be a bad thing; on the contrary, it would bolster the position of the peasants. So far, however, there are no indications that it will come about.

In this regard, Manuel Fuentes Bove, the organizational secretary of the CNC, agreed that thought should be given to the option of creating a nonpolitical body to analyze production and employment problems, an body in which all peasant groups could take part, on just one condition: that each be able to demonstrate true representativeness; otherwise, we would run the risk of creating a structure without a foundation.

He recalled that in this regard the CNC cannot answer for the other organizations and that this central organization represents the majority, not the totality, which can happen only in a dictatorship. "Hence, the important thing is not to have a single organization of peasants, because there can be a lot of front organizations, but to be representative."

In this connection he reiterated the determination of the peasants to reaffirm their alliance with the State and not only to bring the PRI to power through the vote but also to strengthen it to achieve the modernization of the ejido [Indian community-held farmlands], which is nothing more than greater production and higher profits for the peasants.

He noted, however, that modernization is not possible as long as the countryside does not have sufficient financing, infrastructure, inputs and a real redistribution of wealth. It would be a major mistake not to conceive of it this way.

**CCI: No Time Should Be Wasted on This**

In the view of the leader of the CCI, Alfonso Garzon Santibanez, who has also been involved in the attempts to set up the Pact and the Alliance, what the country needs right now is production, not alliances.

He described the attempts at alliances as "political maneuvers by the majority central organization and the candidates of the moment to win votes; once the election is over, though, they break the commitments they made."

"Alliances are political things, and politics is on the way out now," stressed Garzon Santibanez in expressing his view that to overcome the crisis the country needs higher production.

Nonetheless, the senator from Baja, California remarked that the electoral process means political activity, and "the CCI is working to win the elections, but to do this production has to be boosted," because prices keep on rising, and the industrialists are not the ones who are going to lower them.

Therefore, he stressed, "each peasant organization must work on its own," devote itself to production "and stop wasting time on other things that don't work."

Garzon Santibanez also spoke, however, of the need "to expand democracy in the peasant organizations" so that "the rank and file are the ones who elect their leaders" because "they know more than we do, they know who helps them and who they are electing."

The CCI leader reaffirmed that attempts such as the Ocampo Pact were short-run political moves that ended as soon as the new president took office: "An organization to support someone for president was being sought, and we were not in agreement. These are matters that the party handles."

#### **The CNC Monopolizes All Forums**

In the opinion of the secretary general of the CAM, the times that the country is currently living through are conducive to the creation of a front among the central organizations that have traditionally been active in PRI.

Nevertheless, he noted, throughout the history of the central organizations' struggle, the leaders of the CNC have interjected their own interests, the CNC being "an organization that is full of insiders [grillos] who do not accept unity" because they would lose political ground.

He asserted that the CNC has always sabotaged the other PRI central organizations out of selfishness, which in turn has prompted a scattering of the peasants who are active in PRI, because the CNC monopolizes all forums and positions.

But, he underscored, the country's current circumstances demand that such selfishness be abandoned and that the banner of peasant unity be taken up again inside PRI, in defense of the backbone of the country's entire agrarian policy, Article 27 of the constitution, which is not in line with realities.

In this regard he asserted that the current wording of Article 27 is inimical to the peasants because it does not allow the creation of programs for their benefit; hence the need for all central organizations to unite to reword this article, which embodies all of the interests of the peasantry.

He also demanded peasant unity to lend authority to the president of the republic and so that his signature not be open to challenge when land grants are involved.

He said that there are no problems of democratization among the peasant organizations because they have good leaders whom the people like and seek out. As long as there officially exists a bureaucratic and selfish leadership on the national level, however, positive gains will not be made for the farmers, because what is required is a joint struggle for our objectives.

One of the ways to achieve this, he noted, is to establish a Peasant Congress to achieve joint, positive results, because at present, since such an organization does not exist, each struggles on its own and others benefit from it.

As an example of the lack of unity among peasant farmers he cited the fact that in 1988, the year that the CNC commemorates its 50th anniversary, there is a complete split in the rural sector, which is causing many farmers to shift to the opposition.

We are also still hearing such deplorable remarks as the secretary of agriculture, Edgardo Pesqueira Olea, made to the effect that we should "not engage in wishful thinking; the countryside is never going to modernize because there isn't any money."

All of the above shows that our official central organizations "are not effective in resolving problems and accommodate vested interests in the countryside, such as those of governors, agrarian reform officials, caciques and middlemen."

Inasmuch as the unification attempts by these same central organizations have not worked, the CAM leader proposed that since some belong to the same organization, PRI should call for unity because the PRI leadership is the head and, therefore, has all of the authority to make such an appeal.

The appeal would involve not only the PRI peasant central organizations, he said, but also others that are open to unity, inasmuch as in this way many peasants who have left the ranks of PRI (half of all peasant farmers, he said, belong to different central organizations, and the rest do not belong to any) would return.

The proposal that PRI be the one to call for unity among the central organizations that belong to the party was supported by the leader of the UGOCM, Juan Rodriguez, because, he said, "divided we do not serve the party."

[26 May 88 p 8]

[Text] The proposal that PRI appeal for unity among its central labor organizations was supported by the leader of the UGOCM-Jacinto Lopez, Juan Rodriguez, while the so-called independent central organizations, the CIOAC and the UNTA, came out in favor of a unitary national central organization.

Juan Rodriguez stated that no central organization proposal offers prospects for unity because when the Permanent Agrarian Congress, then the Ocampo Pact and finally the National Peasant Alliance fell through, it showed that at this point it is useless to make another such attempt.

The main problem, he said, is that the big central organizations only use the small ones, "but afterwards we are cut off, inasmuch as they have advanced their interests, we are looked down on and we are left adrift."

He noted that even though they belong to the same party, the large peasant central organizations, such as the CNC, do not contain the slightest trace of democracy vis-a-vis the smaller ones.

He commented that for years the Labor Congress has worked well for the labor movement and, if it has not taken more definitive steps, at least it has kept this class active so that it can defend itself against the crisis.

In contrast, he said, the peasant class is disadvantaged, forgotten and shattered. "The organizations that according to them are not good for anything are looked down on, but the people who head up organizations like the CNC are doing fine and have always enjoyed good positions and influence, but they don't know what it means to run an honest central organization with problems."

He stated that a struggle can indeed be waged for the formation of a peasant alliance, "but after so many attempts, we can no longer be confident, because we just serve as tools for furthering their interests."

He recalled that when the UGOCM again called together those involved in the first attempt, which was the Permanent Agrarian Congress, whose first president was Celestino Salcedo Monteon, the leaders of the CNC took offense. Then came the Ocampo Pact, thanks to which the ejidos in the Yaqui and Mayo valleys were provided with services, and finally the Alliance, which did absolutely nothing.

Owing to this problem of divisions, he said, it is very distressing that so many years after the triumph of the Revolution there are still many disguised latifundios and that the government, regardless of which one after Lazaro Cardenas, is not enforcing the law and expropriating these lands.

For all of these reasons, the only chance for an alliance is if the chairman of the National Executive Committee of PRI calls for unity and discrimination ends against the small central organizations, which do not have a single representative post because everything is given to the CNC.

### A Single Central Organization

The CIOAC's stand on this issue is that as of its fifth national congress it resolved to establish a National Unitary Central Organization that would bring together the various state, regional or local organizations, "bearing in mind that such a force needs to be established in Mexico to confront the government's anti-farmer and antinationalist policy."

Ramon Danzos Palomino, a leader of the CIOAC, said that if a broad central organization cannot be created in the worker sector, it is because it is cowed and under the control of feudal lords that run it for the benefit of the masters. Things are different in the countryside. "Although there are subjugated organizations like the CNC, the CCI and others, they have not been able to set themselves up as absolute masters."

Nevertheless, he indicated, the government does resort to repression in the countryside through the official union central organizations, which manipulate the needs of the farmers and use them only in elections.

He commented that an alliance is highly unlikely, given that not even the unions affiliated with PRI have achieved one. "Our independent organizations have also had problems uniting, owing to the styles, practices and methods that each of us uses in the struggle in the countryside."

Nonetheless, "we are in a process that could be medium or long term, during which time we may be able to set up this unitary force and make headway with it, if what does not unite us is banished and if we make headway on what unites us, which is the need to fight for the liquidation of latifundismo and to channel more support, such as loans, inputs, machinery, technology and agro-industry, into the countryside."

At present he stated, the rights of the peasants are being trampled on; Agrarian Reform and Agriculture officials are making room for landowners and profiteers, while the peasants are being denied the benefits of development, "and this is a struggle that unites us."

In this regard Jose Viezca, another CIOAC leader, said that the independent organizations cannot forge unity with the official central organizations because while the latter are working to subjugate the peasants, the former are working to support them in their struggle to raise their living standards.

"There are rank and filers in central organizations like the CNC and CCI who are honest; we can talk about unity with them. But we will never be able to discuss the issue with their leaders."



He stated that what is required for the greater democratization of the peasant organizations is respect for the decision of their members to belong to whatever party they prefer and a central organization that is not an appendage of the party.

It is one thing for the party to exert political influence "and another for someone to have to declare himself a member, which would restrict a central organization's development." The influence and action of political parties vis-a-vis the organizations, he added, adversely affects their proper development, because it makes unity among peasants and their organizations impossible."

The parties, he noted, can engage in politics among the rank and file but cannot make membership mandatory.

Further on, the CIOAC leader stated that his group does not rule out the possibility of creating a National Assembly that could be the first step towards the establishment of a National Peasant Congress.

Nonetheless, he noted, right now the CIOAC is in favor of the creation of a broad Unitary Federation. It agrees on this with the UNTA, which through its leader, Jorge Amador Amador, indicated that the creation of the Cardenist Central Peasant Organization is already under way, an organization that will be broad, without party affiliation and not responsive to the interests of the government or caciques.

#### **Peasant Interests Not Subordinated**

Amador Amador commented for his part that there are organizations that serve the peasants and others that take advantage of them and, like the CNC, have turned them into vote-getting tools.

This is why the Cardenist Central Peasant Organization has emerged. Its aim is to achieve unity and an alliance among the peasant organizations, one of which cannot be the CNC unless it corrects its current approach of serving as a tool for pursuing the government's policy in the countryside.

He remarked that the Constitutional Congress of this new central organization could take place in early July and from it would emerge a great Cardenist Peasant Central Organization that will attract the main rural forces.

He rejected the creation of a Congress and mentioned that organizations such as the Labor Congress are stagnant and in them the workers are subject to government decisions. "The program is just but stagnant."

It is preferable, he said, to seek an approach aimed at not subordinating the interests of the peasants. This way there could indeed be alliances, not in the form of a Peasant Congress but an organization that would avoid atomization and achieve unity. The Cardenist Peasant Central Organization is that organization.

He asserted that conditions are ripe for building such a central organization, inasmuch as the economic and social situation of the peasants is causing them to seek an alternative that will truly meet their needs. Thus there has been a major response to the call for the creation of the new central organization to prevent capital from continuing to flow out of the countryside.

He indicated that the new central organization would be made up of day laborers, true small landowners, ejido members and joint landowners, as well as all of the peasant organizations that accept the challenge that the land is for those who work it. It is this appeal that will lay bare the central organizations that just use the peasants instead of helping them, he noted.

In summary, after this survey conducted by EL DIA we can see that although the consensus is in favor of an organization through which the interests of the peasants can be jointly defended, whether it is called Congress, Assembly, Source or Central Organization, there are historic and present-day factors standing in the way of this objective.



**Lusinchi Criticizes U.S. Trade Law**

33480135a Caracas EL DIARIO DE CARACAS in Spanish 3 May 88 p 12

[Text] The new wave of protectionism unfairly limits the possibilities for development in our countries and prevents us from adopting strategies based on a more extensive integration of Latin America into the world economy.

The most recent example of these protectionist deviations, which I hope will be dealt with exhaustively in this seminar so that we may propose joint actions to the governments and peoples of Latin America, is the U.S. trade bill; in that country it is called the "Omnibus Bill," or hand grenade, we might say, because of the myriad aspects of international trade it is designed to regulate.

The above statement was made by Venezuelan President Jaime Lusinchi during the beginning of the seminar on Latin America in the world economy. The chief of state said that if the U.S. trade bill is passed our economies will be burdened with new difficulties.

"We hope that good judgment and international solidarity will prevail in the Government of the United States and that this will keep the bill from being enacted. This cannot be achieved through an attitude of profit-seeking selfishness."

Alluding to the problem of the absence of any new influx of money into the region, Lusinchi said that the above-mentioned economic situation is of crucial importance with respect to the future course of the Latin American crisis and its possible resolution. He went on to say that

no developing country can look to the future with optimism unless it has access to new capital and sources of financing. The countries of the region have made conspicuous efforts to adjust to the situation. However, the absence of new sources of financing has interfered with the necessary economic recovery.

"Latin America cannot go on being just an exporter of capital. From 1982 to 1987 this transfer of capital reached a level of over \$145 billion. The magnitude of this transfer of funds is unprecedented in the annals of history.

Lusinchi noted that the crisis of Latin America's foreign debt has not been resolved; its solution has merely been postponed. "We have insisted on dodging basic decisions that are of equal concern to the governments of the creditor nations, international financial organizations, the World Bank and the peoples of Latin America.

Despite their undeniable efforts to make internal adjustments, said the chief of state, the attempts by the Latin American governments to deal with the problem have been misinterpreted and disregarded. "The terms offered by the international financial community have become harsher, protectionist actions have been stepped up, the surpluses of the industrialized world have increased and we are witness to an attitude of convenient restraint and withholding on the part of its governments."

For all of these reasons, he said, a sincere and constructive dialogue between the industrialized world and the developing world is imperative.

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